



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID AND MICROECONOMIC REFORM

PROJECT PROFILES

ACTIVITIES REPORTED BY FIELD MISSIONS, JUNE 2004
Bureau for Economic Growth, Agriculture and Trade, Office of Economic Growth

TABLE OF CONTENTS

FOREWORD	II
EXECUTIVE SUMMARY	III
REGULATIONS AFFECTING PRIVATE SECTOR INVESTMENT APPROVALS AND PROCESSING	1
REGULATIONS AFFECTING BUSINESS OPERATIONS (E.G., LICENSING, INSPECTIONS, TRANSACTION FEES)	11
REGULATIONS AFFECTING CONTRACT ENFORCEMENT, DISPUTE RESOLUTION, CLAIMS AGAINST PLEDGED COLLATERAL, BANKRUPTCY PROCEEDINGS	18
LABOR REGULATIONS	26
REGULATIONS AFFECTING THE MARKET FOR CREDIT OR EQUITY FINANCE FOR BUSINESSES (INCLUDING PROPERTY REGISTRATION AND LEASING)	30
IMPORT/EXPORT AND CUSTOMS PROCEDURES	39
INTELLECTUAL PROPERTY RIGHTS (IPR) ENFORCEMENT	48
SECTOR-SPECIFIC REGULATIONS AFFECTING PRIVATE INVESTORS	54
LOCAL/REGIONAL AND NATIONAL TAX REGIMES	60

The project profiles in this document were submitted in response to a request for information by Administrator Andrew Natsios in June 2004. The profiles were chosen to illustrate the range of projects undertaken by USAID missions. This document is not intended to be a comprehensive inventory of USAID microeconomic reform projects.

FOREWORD

In June 2004, the Bureau for Economic Growth, Agriculture and Trade sent a request to all field missions on behalf of Administrator Natsios to report on their work supporting microeconomic reform. The following document provides examples of these activities, as reported by the missions. I commend the field mission staff on their superb efforts to compile and synthesize a large amount of information in a short period of time. The information collected has already proven to be of tremendous assistance.

Microeconomic reform refers to improvements in regulations and other policy changes that directly impact the business and investment environment within which a firm operates. Regulations and the enforcement of them influence the ability of firms to access credit, hire and fire employees, enforce contracts, own property, register their business, process goods through customs, meet standards, protect intellectual property, pay taxes, and a myriad of other everyday activities directly affecting firm efficiency and productivity. Together, these regulations shape the microeconomic, or business, environment and are among the most critical factors in the choices entrepreneurs and investors make in locating, operating, and expanding their firms.

In a speech at the Center for Strategic and International Studies in April 2004, Administrator Natsios expressed his commitment to microeconomic reform:

I believe bad business environments are a principal reason why structural adjustment has not been able to achieve strong growth payoffs in many countries. I am not saying it is the only reason, but it is a principal reason. The problem has not been that market-oriented reforms don't work in poor countries—as some have concluded. The problem is that reforms have not gone down to the microeconomic level, which prevents private investment from increasing—especially local private investment. This limits growth and poverty reduction.

If reforming governments want to reap the full benefits of reform, they have to change their views of business development. They have to stop seeing the private sector as a force to be tightly controlled and regulated by the state. They have to start seeing the private sector as the source of job creation and growth. They have to do everything they can to foster and support it.

The responses to EGAT's survey demonstrated that microeconomic reform plays a large and growing role in USAID's programs to promote economic growth overseas. Almost every USAID field mission has implemented microeconomic reform programs, with extensive activities in well over half of the 75 countries where USAID has a presence. Both the number and breadth of microeconomic policy reform activities are increasing in every region and have reached a cumulative funding total of nearly \$3 billion.¹

I hope that this compilation of project profiles submitted by field missions will be a valuable resource for missions engaging in microeconomic reform projects.

James Smith
Deputy Assistant Administrator
Bureau for Economic Growth, Agriculture and Trade

¹ Estimate based on 66 reports from USAID field missions on their activities in this area over the past 15 years. This figure may underestimate activities that predate the current field mission staff who prepared the reports, but may overestimate the funds attributable to microeconomic reform in cases where it is only one component of a larger economic growth program.

EXECUTIVE SUMMARY

In June 2004, USAID surveyed its field missions to determine the extent of past and current engagement in microeconomic reform initiatives. The data confirm that USAID's long-standing commitment to microeconomic reform is amply demonstrated by the significant results achieved in countries throughout the world and by the increasing number, value, and importance of these activities in every region. Rarely is microeconomic reform a stand-alone project; rather, it is usually one component in a more comprehensive economic growth program, often with a sectoral focus. This shows that microeconomic reform is well-established as an essential element of USAID's strategy for economic growth, but it also presents a challenge to isolate and aggregate these activities.

USAID's approaches to microeconomic reform are diverse. Missions not only support legislative bodies and regulatory agencies, but also work to strengthen the capacity of local non-governmental organizations and business associations to advocate for reform. The most common reform activities undertaken world-wide aim to reduce the costs of business operations; the least common are those affecting labor regulations.

MICROECONOMIC POLICY REFORM IS INTEGRATED INTO USAID'S ECONOMIC GROWTH PORTFOLIO

USAID economic growth activities encompass the entire spectrum of private sector development needs – from direct firm support to improving the enabling environment. Typically, microeconomic policy reforms are part of larger, broader economic growth activities. In some cases, such as in Serbia, microeconomic policy reform is the central focus of the mission's economic growth portfolio.

For example, the USAID-supported Bulgarian American Enterprise Fund (BAEF) was designed to encourage investment and directly support businesses, but set aside a modest amount of funds for policy reforms that have resulted in considerable improvements in Bulgaria's microeconomic environment. The project developed mortgage finance legislation and pioneered mortgage lending programs in Bulgaria. BAEF also launched and supported the Special Purpose Investment Vehicle (SPIV) legislation to help create a secondary market for mortgage loans. The SPIV law was successfully adopted and banks now trade mortgage loan packages.

USAID COMMITMENT TO MICROECONOMIC POLICY REFORM IS SUBSTANTIAL, COMPREHENSIVE AND LONG-STANDING

More than 600 activities have been supported by USAID field missions amounting to nearly \$3 billion over a period of about fifteen years.²

The Asia/Near East region has implemented more than 200 activities over a fifteen year period totaling more than \$1.5 billion. The pace of this work is accelerating. Approximately half of the

² See data quality concerns in footnote 1.

activities in this region are currently underway or recently concluded. Significant progress has been achieved throughout the region including in Vietnam, where USAID has been influential in the country's new Enterprise Law, Bankruptcy Law, and Customs Law among other policy areas.

The Europe/Eurasia region has also undertaken more than 200 activities, representing a total of more than \$1.2 billion over approximately ten years. Frequently, support for microeconomic policy reforms in the region began in the early 1990s. For example, USAID/Russia funded a Program on Natural Monopolies activity (\$5.5 million from 1994 to 1998), which facilitated structural policy reforms to improve the private sector investment approval process and address constraints in specific sectors. Russia is the most active mission in Europe/Eurasia with 23 activities completed and 11 activities currently in progress – together totaling over \$144 million in expenditures.

USAID missions in the Latin America/Caribbean (LAC) region have sponsored nearly 150 microeconomic reform activities, with a total life-of-project funding of more than \$300 million. Work in the LAC region is also deeply-rooted, dating at least back to 1987 with technical assistance to identify and eliminate constraints to private sector investment in Bolivia. In Ecuador, USAID assistance resulted in many structural reforms (including new intellectual property rights legislation) during the 1990-1998 period.

While the Africa region lags with around 80 activities and with total funding of approximately \$100 million over a period of approximately eight years,³ attention to the importance of microeconomic reform is increasing and missions report many activities in the planning stages. Projects in this region are often agriculture-related, such as reducing the government's control over agriculture prices in Kenya and facilitating the adoption of sanitary and phytosanitary regulations in Mali. USAID began to engage the Government of Kenya in policy reforms affecting trade and investment in agriculture in 1989. During the 1990s, several African countries benefited from *Investor Roadmap* diagnostic exercises.

Work on regulations affecting business operations is the most prevalent type of reform activity in every region. Activities in this category typically aim to remove or reduce administrative and regulatory barriers to private sector development. USAID works with entrepreneurs, business associations, and local and national government representatives to improve the legal and regulatory framework for businesses and to build support for further reform.

After business operations, reform priorities vary by region. Asia/Near East missions are focusing on sector-specific regulations and African missions on import/export procedures. Tax reform is a priority in Latin America/Caribbean and contract enforcement is a component of all Europe/Eurasia programs.

Both Latin America/Caribbean and Africa missions have demonstrated considerable success in the area of credit and equity finance, particularly in reforming regulations and legislation affecting non-banking financial institutions.

³ Unlike field missions in the other three regions, those in Africa tended to limit their reporting to funding for the current year. As a result, the "total" estimated for the Africa Region is lower than it would be otherwise. It is undoubtedly true that African missions have funded microeconomic policy reform activities at a lower level than in any other region – but the "gap" is much smaller than these estimates make it appear.

Across regions, reforming labor legislation and regulation is the least common activity undertaken.

The following table shows the distribution of USAID field missions by the number of microeconomic policy areas for which activities were reported.

Breadth of Microeconomic Policy Reform Activities*

Missions Engaged in Almost All Policy Areas (7-9)	Missions Engaged in Many Policy Areas (4-6)	Missions Engaged in Some Policy Areas (1-3)
Afghanistan Central Asian Republics Dominican Republic East Timor Egypt Georgia Guatemala Honduras Indonesia Jordan Macedonia Mongolia Morocco Nepal Nicaragua Panama Philippines Romania Russia Serbia & Montenegro Sri Lanka Ukraine Vietnam Zambia	Albania Armenia Bangladesh Bolivia Bosnia/Herzegovina Brazil Bulgaria Croatia Colombia Ecuador El Salvador Ghana Haiti Jamaica & Caribbean Kosovo Mali Mexico Peru Southern Africa Region Senegal West Bank/Gaza	DR Congo Ethiopia India Kenya Madagascar Malawi Mozambique Nigeria Paraguay East Africa Region Rwanda South Africa Thailand West Africa Region Zimbabwe

* Data does not include Cambodia, Guinea, Laos, Liberia, Pakistan, Sierra Leone, Tanzania, Turkey, Uganda, and Yemen

USAID'S SUPPORT FOR MICROECONOMIC POLICY REFORM TAKES MANY FORMS

USAID utilizes many different approaches to microeconomic policy reform including drafting or providing model legislation to governments; ensuring efficient and effective policy implementation by regulatory agencies; supporting the advocacy efforts of civil society and the private sector; and implementing diagnostic tools such as the Investors' Roadmap.

Frequently these approaches are combined, as in Nepal where USAID assistance focuses on energy sector reform. The process started with a review of Nepal's hydropower policy through discussions with private sector stakeholders and the Government of Nepal. USAID technical assistance developed options to streamline investment approval processes and is helping to draft a new hydropower policy.

Since 1995, Investors' Roadmap analyses have been conducted in every region. This tool identifies constraints on investment and business development through tracing all the steps required for an investor to become legally established and operational in a specific country – from business concept to commencement of production. USAID has also developed a Commercial Law Toolkit, among other diagnostic tools.

Field missions are adapting these tools to their specific needs and developing replicable innovations. For example, USAID/Jordan undertook an Entrepreneurs' Roadmap analysis as a specialized extension of the Investors' Roadmap. This project identified the costs and benefits for microenterprises to enter the formal sector and recommended a reform agenda for reducing these costs.

USAID SUPPORT FOR MICROECONOMIC REFORM OFTEN INCLUDES THE ADOPTION OF NEW TECHNOLOGY AND UPGRADING OF INFORMATION SYSTEMS

Support to the Armenian State Tax Service (STS) demonstrates the effectiveness of blending technical assistance to improve the tax regime with reforming procedures and enhancing technologies. The Tax, Fiscal and Customs Reform Project included training STS staff to improve their capacity to administer tax legislation fairly, efficiently, and professionally. To enhance the technological capacity of the STS, the project developed, implemented, and conducted training on a new system to track taxpayer registration and ledger information to facilitate investigations of tax evasion. The project also prepared a complete, updated user's manual for the Armenian Tax Information Service (ATIS) and computerized eight tax offices in September 2003.

TYPES OF ACTIVITIES IN E&E REGION MISSIONS: RESPONSES FOR JUNE 2004

	ALBANIA	ARMENIA	BOSNIA & HERCEGOVINA	BULGARIA	CENTRAL ASIA	CROATIA	GEORGIA & AZERBAIJAN	KOSOVO	FYROM	ROMANIA	RUSSIA	SERBIA & MONTENEGRO	UKRAINE*
Private sector investment approvals													
Business operations													
Contract enforcement, dispute resolution, <i>etc.</i>													
Labor regulations													
Provision of credit or equity finance for businesses													
Import/export procedures													
Intellectual property rights (IPR) enforcement													
Sector-specific regulations affecting private investors													
Local/regional and national tax regimes													

* USAID/Ukraine reports for Belarus and Moldova activities.

Key

Green shaded boxes indicate activities at some time, including at least some underway

Striped boxes indicate only past activities in that area of microeconomic reforms

Blank boxes indicate no activities of that type.



TYPES OF ACTIVITIES IN ASIA & NEAR EAST REGION MISSIONS: RESPONSES FOR JUNE 2004

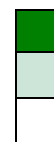
	AFGHANISTAN	BANGLADESH	CAMBODIA	EAST TIMOR	EGYPT	INDIA	INDONESIA	JORDAN	LAOS	LEBANON	MONGOLIA	MOROCCO	NEPAL	PAKISTAN	PHILIPPINES	SRI LANKA	THAILAND	VIETNAM	WEST BANK / GAZA	YEMEN
Private sector investment approvals			Report pending.						Report pending.					Report pending.						
Business operations																				
Contract enforcement, dispute resolution, <i>etc.</i>																				
Labor regulations																				
Provision of credit or equity finance for businesses																				
Import/export procedures																				
Intellectual property rights (IPR) enforcement																				
Sector-specific regulations affecting private investors																				
Local/regional and national tax regimes																				

Key

Green shaded boxes indicate activities at some time, including at least some underway

Striped boxes indicate only past activities in that area of microeconomic reforms

Blank boxes indicate no activities of that type.



TYPES OF ACTIVITIES IN AFRICA MISSIONS: PRELIMINARY RESPONSES FOR JUNE 2004

	ANGOLA	BENIN	DR CONGO	ERITREA	ETHIOPIA	GHANA	GUINEA	KENYA	LIBERIA	MADAGASCAR	MALAWI	MALI	MOZAMBIQUE	NAMIBIA	NIGERIA	RWANDA	SENEGAL	SOUTH AFRICA	TANZANIA	UGANDA	ZAMBIA	ZIMBABWE	RCSA	REDSO	WARP
Private sector investment approvals							Report pending.		Report pending.										Report pending.	Report pending.					
Business operations																									
Contract enforcement, dispute resolution, <i>etc.</i>																									
Labor regulations																									
Provision of credit or equity finance for businesses							Report pending.		Report pending.										Report pending.	Report pending.					
Import/export procedures																									
Intellectual property rights (IPR) enforcement																									
Sector-specific regulations affecting private investors																									
Local/regional and national tax regimes																									

Key

Green shaded boxes indicate activities at some time, including at least some underway

Striped boxes indicate only past activities in that area of microeconomic reforms

Blank boxes indicate no activities of that type.



TYPES OF ACTIVITIES IN LAC REGION MISSIONS: RESPONSES FOR JUNE 2004

	BOLIVIA	BRAZIL	COLOMBIA	DOMINICAN REPUBLIC	ECUADOR	EL SALVADOR	GUATEMALA & CENTRAL AMERICA	GUYANA	HAITI	HONDURAS	JAMAICA & CARIBBEAN	MEXICO	NICARAGUA	PANAMA	PARAGUAY	PERU
Private sector investment approvals																
Business operations																
Contract enforcement, dispute resolution, <i>etc.</i>																
Labor regulations																
Provision of credit or equity finance for businesses																
Import/export procedures																
Intellectual property rights (IPR) enforcement																
Sector-specific regulations affecting private investors																
Local/regional and national tax regimes																

Key

Green shaded boxes indicate activities at some time, including at least some underway

Striped boxes indicate only past activities in that area of microeconomic reforms

Blank boxes indicate no activities of that type.



REGULATIONS AFFECTING PRIVATE SECTOR INVESTMENT APPROVALS AND PROCESSING

AFGHANISTAN

Economic Governance Support in Afghanistan⁴ (current)⁵

The Private Domestic and Foreign Investment Law was retranslated and reviewed. An analysis was made of its deficiencies and these deficiencies were discussed with other interested donors. Pro-bono US lawyers have recently proposed a revised draft of the Investment Law and this, at the request of the Ministry of Finance, is being translated for working group review. A new draft investment law will be proposed incorporating the significant needed changes in the law.

ARMENIA

ICT Support (2002-2004)

In 2004, the automated registration of legal and physical entities was established.

Law on Registration of Legal Entities

This component of the activity was aimed at facilitating the development of appropriate materials for compliance with the law, such as registration entry books and booklets; assessing the feasibility of computerizing the network of state registry offices across the country; and assisting in the overall implementation of the Law.

Implementation of the new Law on Registration of Legal Entities

At the request of the Deputy Minister of Justice, Chemonics assisted in identifying/developing the forms, blanks and registration books necessary for implementing the Law on Registration of Legal Entities and establishing a registration system commensurate with the law. (In the prior reporting period, August 2001, Chemonics had purchased and delivered 100 registration books for use by the state registry offices together with copies of the legal acts.) This assistance has eased the transition to the new law and has assisted in building government officials' understanding of the new requirements and procedures. Additionally, Chemonics published and distributed 270 copies of the Year 2000 State Registry that lists registered legal entities.

Organized public outreach

As part of the public outreach program, Chemonics organized a Town Hall Meeting on the Law on State Registration of Legal Entities in October 2001 for a group of 40 participants, including businessmen, heads of associations, and journalists. This meeting contributed to raising stakeholder understanding of the requirements and benefits of the new law.

Impact/Results

The immediate focus of these initiatives has been to streamline and simplify business registration and registries in major regional centers of Armenia, as well as increase public awareness of the business registration process. This effort supports the mission's commitment to leverage ICT to improve the quality and effectiveness of those public services that directly contribute to the growth of the private sector. These activities also result in reduced human contact in the registration process, shorter lag times between applying for registration and the issuance of registration certificates.

⁴ Capitalized headings are project titles. If no project title was provided, the heading is a brief description of the project topic.

⁵ The date of the project is given in years when known. Otherwise, it is labeled "current" or "past five years" or is not labeled if a date was not provided by the field mission.

BANGLADESH

Automatic Registration at the Board of Investment (1992-1995)

Before this reform, registration of an investment project was a mandatory and time-consuming process, especially for foreign investors. Simplification of registration was a goal of a FIAS consultancy at the Board of Investment (BOI) and one of the reforms advocated by Policy Implementation and Analysis Group (PIAG), a USAID-funded policy reform project. After procedures for automatic registration were introduced in March 1994, approximately \$600 million worth of investment projects was registered with the BOI over the next two and half months. The highest annual figure prior to reform was \$43 million for all of 1993.

BULGARIA

Economic Growth and Investment (current)

This project strengthens the process of economic policy formation and implementation in Bulgaria. By directing efforts at the key elements of policy change management, i.e., communication and information exchange, stakeholder participation, policy analysis, strategic management, and institutional capacity building, the activity introduces innovative, market-essential concepts into pivotal areas of economic policy-making culture. Concepts particularly targeted by the activity are government encouragement of SME sector development, sustainable competitiveness, and institutionalized public/private dialogue. The project directly assists the MOE, the Economic Growth Council, the Agency for Entrepreneurship, and the Bulgarian Investment Agency.

Activity Results:

- Developed a new Investment Law that was adopted to remove burdens for Foreign Direct Investment.
- Developed a law that converted the government's SME agency from a policy body to an executive body modeled on the U.S. Small Business Administration.
- Developed a law on limiting regulation and administration that was passed in December 2003. The law eliminated over 100 licenses, defined differences between licenses and permits, and set standards for the review of any future proposed regulations.

Activity Impact:

This project has help lead to a drastic decrease in the number of barriers that companies encounter doing business in Bulgaria. This is best represented by the transformation of the SME agency from a policy entity, (in effect, a builder of barriers) to an executive body tasked with assisting SMEs to clear these hurdles. The project has greatly assisted the Bulgarian government and Bulgarian businesses conduct dialogue and implement policies that have created a more favorable and transparent business climate in Bulgaria.

CENTRAL ASIAN REPUBLICS

Investors' Roadmap (2000-2001)

This one-year initiative undertaken in Kazakhstan was designed to improve the operating environment for small and medium-sized businesses by identifying and removing or reducing national and local-level constraints to investment and business growth.

Investor Roadmaps were prepared for East Kazakhstan, Atyrau and Mangistau oblasts (provinces), and steering committees were formed and activated in East Kazakhstan and Atyrau oblasts to implement key procedural and administrative reforms in order to improve the operating environment for SMEs.

CROATIA

FIAS activity: Removal of the Administrative Barriers to Investments (current)

USAID assisted the GOC by co-financing a study of the impediments to investments; assisted in forming a high-level working group chaired by Deputy Prime Minister to address those impediments; provided technical assistance to the working group in forming an action matrix for removal of impediments; and financed the follow-up work of FIAS (The World Bank Group). The process is not finished, but the GOC has estimated that about 50% of actions from the matrix have already been successfully implemented.

Technology Park Law Development (current)

Under the local economic development component of the competitiveness project, USAID started its work by assisting the local governments to improve their investment procedures and remove administrative barriers. As a sublimation of this effort, and at the request of the Minister of Economy (at the time Mr. Hrvoje Vojkovic), USAID financed a draft Law on Technology Parks that unites and streamlines an investment incentive package and ties it to technological development (centers of excellence, scientific visas, etc.). At the moment, the draft law is on the schedule of the MOE as a law that will go to the parliament in second half of 2004, and it has an excellent prospect to be passed.

GEORGIA

Georgia Enterprise Growth Initiative (2003-2005)

A 2001 study by the Foreign Investment Advisory Service (FIAS) identified a number of administrative barriers to investment in entering, locating and operating a business in Georgia. Pre-selected barriers identified for GEGI attention, based on FIAS work, include licensing and company registration. GEGI prepared a step-by-step guide to the process, highlighting both its relative straightforwardness and the flaws in the system, including both legal and regulatory issues. Presently, there is no registry of company names or ownership, and enquiries are costly and time consuming. This has important implications for investment, credit access, and intellectual property rights. The main issue to be addressed by GEGI is the centralization of registration information.

GEGI works with the appropriate government entities to streamline the processes and eliminate unnecessary requirements for establishing and operating a business in Georgia. This effort focuses on registration, licensing, inspections and audits and permits. Work on improving the business licensing and registration process in Georgia will be integrated with the development of the movable property registry and the credit information bureau initiative. GEGI is working on an appropriate legal framework for a registry of security interests for movable property and on a design of an optimal collateral registry system for Georgia. GEGI's legal team is supporting activities for the passage of legal changes on secured transactions and is developing administrative regulations for the implementation of the registry.

GHANA

Companies Code

Roundtable discussions were held to review the draft of a new Companies Code that has not been amended in the last 40 years. The review was to establish the relevance of the draft bill in relation to Ghana's current national and global business environment. Recommendations from the roundtable discussions led the government to change its focus on the whole bill to reflect modern-day business practices.

GUATEMALA

Grupo Gestores

Grupos Gestores are local organizations across the country in charge of promoting business-friendly environments through removing red tape from regulations and encouraging governmental investment in infrastructure in their localities. USAID is initially helping to form Grupos Gestores in 20 of the 41 municipalities targeted by the GOG.

HAITI

Company Registration

Legislation was adopted that simplified incorporation procedures for new businesses. The legislation allows corporations to begin functioning (receiving tax identification numbers, opening corporate bank accounts, etc.) once they have registered with the Ministry of Commerce and publicized their incorporation announcement in the official gazette (Le Moniteur).

INDONESIA

Partnership for Enterprise Policy Reform (1998-2004)

The activity addresses policy reforms, access to credit and quality of business services for SMEs. Rankings of 200 cities and districts throughout the country measure the business and investment climate. The activity has streamlined the licensing and registration process by 40% in time and 30% in costs. It advocates the simplification of regulation for women registering their small businesses.

JORDAN

Investor Roadmap (1998)

In 1998, USAID, in collaboration with the Foreign Investment Advisory Service (FIAS) of the World Bank, made a diagnostic of administrative barriers to foreign direct investment (FDI) in Jordan entitled The Investor Roadmap. Its objectives were as follows:

- Outline the critical procedural path that investors are required to take to start up and operate a business
- Highlight the major administrative, procedural, and regulatory constraints to business startup and growth
- Suggest ways and means to make the necessary improvements

The study examines thirty-two specific procedures, including business registration and licensing, property registration, site inspections, customs procedures, work permit approvals, import and export procedures, and income tax registration and payment. The study indicates the steps involved to complete the selected procedures, what submissions are required, what the associated costs are, and how long each procedure takes. The study analyzes this information and makes 83 recommendations, constituting a comprehensive and detailed microeconomic reform agenda. USAID subsequently addressed 36 (43%) of those recommendations through a variety of activities, including multi-agency process improvement workshops, legal drafting, capacity building, and issue papers.

Impacts/Results:

- Awareness raised across public and private sectors on the full range of microeconomic reform issues for the first time in Jordan
- Comprehensive agenda for microeconomic reform developed for the first time in Jordan. Fifty-two (i.e., 63%) of the recommendations implemented through subsequent initiatives by 2002

Company Registration Initiative (past five years)

This initiative was undertaken pursuant to The Investor Roadmap. One aspect of business operation that was identified in The Investor Roadmap as a priority for reform was company registration. USAID provided the Government of Jordan with comprehensive support to re-engineer the company registration process.

- An issue paper on company registration expanded on the observations contained in The Investor Roadmap and presented additional recommendations
- Legal analysis on the legislative background for company registration identified specific statutes that require change in order to streamline the system
- A multi-agency process improvement workshop under the auspices of the Investment Promotion Corporation (now the Jordan Investment Board), attracted the participation of 32 government officials from 14 different agencies and produced a broad consensus on the need for change
- A series of follow-on meetings with government stakeholders refined an implementation plan based on the conclusions reached in the workshop
- Implementation support was provided, including business process re-engineering, organizational development, legal support, process automation, and facilities refurbishment

Impacts/Results:

- Company registration process re-engineered
- The number of forms reduced from 5 to 1
- Required data fields reduced from 35 to 7
- Processing time reduced from over 2 weeks to under 30 minutes
- Company registration system automated
- Office space reorganized to better facilitate serving the public
- Department re-structured
- Standard operating procedures implemented
- Job descriptions written
- Companies Law amended
- New Craftsman Law created to regulate sole proprietorships by company registrar
- Amendments to Law on Trademarks enacted
- New regulation on trademarks enacted
- New Law on Patents enacted
- New regulation on patents enacted

Entrepreneur Roadmap (past five years)

As an initial step in improving the policy and enabling environment in which microenterprises in the formal sector operate, USAID undertook the Entrepreneur Roadmap as a specialized extension of the Investor Roadmap. The study identifies all aspects of establishing and operating a business in the formal sector, focusing on the specific constraints and barriers faced by micro, small, and women-owned enterprises. It collects information about the laws, requirements, timing, and costs associated with the key areas of business registration, trade name registration, chamber registration, and business licensing. Based on the information collected, the study determined the costs and benefits involved in entering Jordan's formal sector and recommended a reform agenda for reducing those costs.

Impacts/Results:

Detailed licensing information was presented on a website for microentrepreneurs.

MADAGASCAR

Streamlining procedures governing investments and company creation

At the request of the Minister of Private Sector Development and Privatization, USAID/Madagascar worked in close collaboration with the World Bank's Foreign Investment Advisory Services (FIAS) to carry out a study on administrative barriers to investment (1999). This led to an action plan to streamline administrative procedures governing investment and the creation of new enterprises. In September 2003, the GUIDE was established, a "one-stop shop" for national and foreign investors.

Impact/Results:

According to the government, it now takes three days for an entrepreneur or new investor to process the required paperwork for the creation of a new enterprise.

MALAWI

Malawi Investor Road Map Update (1999)

In consultation with the Malawi Investment Promotion Agency (MIPA), in 1999 USAID/Malawi commissioned PriceWaterhouseCoopers and The Services Group, Inc. (TSG), Washington, D.C.-based consulting firms, to conduct an update of the Investor Roadmap of Malawi. The intent was to analyze government regulation of the private sector with an eye toward reducing bureaucracy and streamlining procedures that inhibit investment in Malawi. The Roadmap document is an in-depth analysis of the steps required of an investor to become legally established and operate a business in Malawi. The Roadmap project is a tool to foment positive change in the government's regulatory regime and interaction with the private sector by identifying procedural bottlenecks and inefficiencies that afford opportunities for change. This Roadmap update was designed to accomplish four priority goals, as follows:

- Determine what specific procedural changes have occurred since the 1994 Investor Roadmap was completed;
- Newly document the core procedures that investors face when establishing and operating a firm in Malawi;
- Disseminate the findings to public and private audiences, including the MIPA and the National Action Group (NAG), and validate the initial findings of the research through meetings with public sector representatives and a private sector focus group; and
- Conduct process improvement and change management workshops in areas where MIPA felt that additional improvements could be made.

The results of the Malawi Investor Road Map Update have provided valuable input and analysis to MIPA and the NAG in their efforts to improve the enabling environment for private sector development in Malawi.

MOROCCO

Investment Reform (2000-2005)

This program is working with the national investment office and the regional investment centers to simplify existing procedures, improve transparency, and help regions develop and promote their investment potential in the eyes of local and foreign investors. It builds on studies and pilot projects completed under Investors' Roadmap Phases I, II, and III.

Impact/Results:

Impacts to date include the adoption of the Roadmap plan in other locations after successful piloting, lowering the number of days to start a new enterprise, and moving towards a “one-stop” shop for new businesses.

Investors Roadmap Phases I, II, III (2000-2003)

USAID assisted the government in the simplification of procedures for business registration and for obtaining land for investment purposes. It assisted in the establishment of a new coordinated and consolidated investment center in the pilot region of Agadir (a move toward a one-stop shop).

Impact/Results:

The pilot business registration project in Agadir resulted in a reduction in the time needed to register a new business from several weeks to one to two days.

NIGERIA

Private Sector Assessment and Investor's Road Map (2000-2002)

USAID, along with the World Bank, undertook a Private Sector Assessment to review the overall policy and institutional capacity building issues relating to private sector development in Nigeria. USAID and the World Bank also jointly undertook an Investors' Road Map exercise to highlight regulatory obstacles confronting potential investors to Nigeria.

Impact/Results:

Two substantive reports were delivered. The private sector assessment entitled “Nigeria: Joining the Race for Non-Oil Foreign Investment” was delivered in December 2000. A self-admitted “first cut” at ways of improving the non-oil investment environment, it provided many recommendations for policy improvements at strategic and tactical levels of detail. It prioritized for policymakers the key investment and enterprise sector reforms. Its recommendations were organized in the following categories: Enforcement of laws and the judicial system; Intellectual property rights; Taxation; Employing; Locating; Reporting; Operating (including corruption); Government-private sector relations; NIPC; Sub-national dimensions of investment promotion. Considerable background was provided on each subject area so that the document's policy prescriptions were persuasive. Recommendations were given more credibility by providing a number of extended descriptions of positive comparative examples of actual experiences in other developing countries.

The second report is titled the “Investors Road Map” (IRM). By design, the IRM was to follow the Private Sector Assessment and provide a deeper cut at ways of improving the investment environment. Delivered in October 2002, it was organized as follows: 1) Business registration 2) Locating 3) Employing 4) Import and Export 5) Resolution of Commercial Disputes 6) Taxation. The report included a useful appendix on international best practices covering each of the above areas. The project team visited forty Federal and sub-national government agencies in Nigeria, and 150 private sector and civil society sources. The IRM was remarkably thorough and detailed, first carefully stipulating the steps that a company needed to go through in each area in order to operate, then analyzing the procedures and providing exhaustive recommendations on improving the processes to reduce red tape and the time and expense of dealing with administrative requirements.

From two different sets of experts, these reports provide a mutually reinforcing, ready-to-use blueprint for legal, regulatory, and institutional reform to improve the investment environment and business enabling system in Nigeria. The Nigerian President Olusegun Obasanjo mandated that the Nigerian Investment Promotion Commission (NIPC) implement the recommendations of the IRM.

ROMANIA

Legal, Regulatory and Bureaucratic Reform (1999-2003)

Using the “roadmap” process, the project launched reforms in the areas of administrative transparency, licensing, payroll reporting, inspections, and credit. The project produced valuable surveys on the obstacles that impede business development: red tape analysis, a study on the underground economy, a legal inventory, as well as agriculture, energy, and environment sector-specific assessments of the legal and regulatory framework that affect small business operation. The studies were used extensively by the Romanian authorities, international donors and investors, as well as civil society to address some of the issues flagged by the red tape study.

Assistance was provided on establishing a “one-stop-shop” where firms can obtain all required approvals, thus reducing cost and time of business registration and operation (e.g., of the 23-29 authorizations, approvals and permits from over 20 different governmental entities that an average firm was initially supposed to obtain, small businesses deal with only 7 entities all located in the “one-stop-shop”).

SENEGAL

The Investor’s Roadmap study (1999); Assessment of the Roadmap (2002); Planned second assessment (2004)

The purpose of these projects is to identify the administrative and bureaucratic barriers to investment in Senegal and to make recommendations on how to streamline procedures for improvement. As a result, a GOS Ministerial Council adopted a Plan of Action designed to streamline the administrative formalities that companies must complete before they can set up a business and operate in Senegal; a strategy document on private sector development was adopted.

Results:

- Reduction of administrative barriers to investment:
 - General formalities (registrations, investment code, investment screening and approval):
82 days in 1999 to 67 days in 2002
 - Operational formalities (taxation, import/export licensing, etc.):
49 days in 1999 to 29 days in 2002
 - Custom formalities:
7 days in 1999 to 3 days in 2002
- Increase in the number of registered SMEs from 46,000 in 2000 to 85,000 in 2003

Impact:

The increase in SME registration indicates an increase in the number of new formal businesses as well as an important upgrade for many businesses from the informal to the formal sector. It further legitimizes the registration process and indicates entrepreneurs’ increased confidence in business taxation, licensing, and other systems as well as the registration process itself.

SOUTH AFRICA

Review and streamlining of corporate regulation (past five years)

Support was provided to the Companies Regulatory Office of the Department of Trade and Industry. With USAID support, members of the American Bar Association visited South Africa to advise on streamlining and modernizing the process whereby companies and corporations are formed. This activity produced approximately a dozen specific recommendations for streamlining of company regulation. It is expected that these will be incorporated into the new company law as it develops.

UKRAINE

Ukraine Commercial Law Project (2000-2004)

Law “On State Registration of Legal Entities and Physical Entities Engaged in Business”

In May 2003, a unified business registration law was passed providing a single venue for the registration of all business entities, formalizing and reducing the number of documents that must be submitted with the registration application, and reducing the time it takes for a business to register from 10 days to 3 days. It also facilitates the identification of legal entities, disclosure of authorized signatories, and service for the processes of civil actions.

WEST BANK/GAZA

Companies Law and Registration (current)

This activity is developing a legal framework for business operations of companies and is providing advocacy assistance for adoption of the new Companies Law.

Impact/Results:

The revised Companies Law will be completed by July 15 for submission to the Palestinian Legislative Council (PLC). The new law will provide modern regulation of company operations and governance.

Restructuring of the Ministry of National Economy (current)

Complete restructuring and re-engineering of the procedures, practices and regulations in the Ministry including the Company Registration and Licensing Department of the Ministry of National Economy (MNE).

Impacts/Results:

Company registration and licensing procedures improved.

“One Stop Shop” operations in the Palestinian Investment Promotion Agency (PIPA) for investment approvals and processing under the Investment Law (last 5 years)

Complete re-engineering of the “investor interface” of PIPA to streamline operations and improved business approvals and processing for the private sector.

Impact/Results:

Business approval and processing turnaround time significantly improved

ZAMBIA

Zambia Trade and Investment Enhancement (ZAMTIE)

The Mission has:

- (a) Actively engaged in easing processing requirements for foreign investors in Zambia. Through its support to the Zambia Business Forum (ZBF), the government has been lobbied not to effect the revision of the minimum threshold from \$250,000 to \$5,000,000 investment proof before an investor can be granted 5 work permits for his potential employees.
- (b) Through its investor advocacy activities, in conjunction with other donors and the Zambia Business Forum, influenced the government of Zambia to rationalize the institutions working in investment promotion by approving the merger of 5 splinter organizations to create a one stop center, the Zambia Development Agency (ZDA).

(c) Enhanced advocacy work has resulted in the government approving the creation of the Tariff Commission to undertake a careful look at tariffs, countervailing measures and safeguards to ensure that these are imposed only after a detailed objective analysis.

Impact/Results:

- (i) Improved investment perception of Zambia
- (ii) Expected reduced investor registration costs and logistical difficulties

REGULATIONS AFFECTING BUSINESS OPERATIONS (E.G., LICENSING, INSPECTIONS, TRANSACTION FEES)

BANGLADESH

Industrial Promotion Project (1992-1995)

Ending of Security Exchange Commission (SEC) clearance for sales of shares in foreign joint ventures

Several international joint ventures were able to quickly transfer ownership of foreign shares to Bangladeshi partners. This reform allowed international investors to offload shares to respective Bangladeshi partners and look for other potential investment opportunities elsewhere.

BOSNIA-HERZEGOVINA

Northern Bosnia Local Government Support Activity (2002-2005)

LGSA is designed to improve the customer service performance and the administrative and management systems of 12 local governments by providing technical and material assistance.

Impacts/Results:

- Rationalized the business permit process, making local governments more business-friendly and encouraging small business migration from the gray market to the legal economy in 12 municipalities.
- Six one-stop-shops are operational and five more are under construction

CENTRAL ASIAN REPUBLICS

Trade Facilitation and Investment Project (2001-2006)

In Kazakhstan, the project supported the dramatic simplification of the process for acquiring land and obtaining building permits in Almaty City, which then led to the adoption of similar reforms at the national level. In other regions, the process for registering new businesses was significantly simplified within the framework of existing national legislation, significantly reducing the time and cost for entrepreneurs to form legal entities. TFI has strengthened the advocacy of several Kazakhstani NGOs, including the Forum of Entrepreneurs and NGO partners in several oblasts throughout the country, fostering greater participation of the private sector in the discussion of issues affecting businesses and increasing their ability to successfully lobby the government for laws and regulations favorable to business development and economic growth. For example, with TFI's support, Kazakhstani NGOs successfully lobbied for the adoption of a franchising law and for a simplified visa regime.

In Kyrgyzstan, the Project's experts were instrumental in the drafting and issuance of Presidential Decree No. 100, which redefined the government's relationship with the private sector by recognizing the problems of excessive government regulation and other administrative barriers to investment and business development. The Decree established business growth and the removal of regulatory and administrative barriers as one of the government's highest priorities and placed a one-year moratorium (April 15, 2003 – April 15, 2004) on the adoption of new laws and regulations impacting businesses. Licensing reforms achieved under a predecessor activity (Task Order PCE-I-813-97-00038) were successfully defended, resulting in the repeal of four proposed resolutions that would have subjected an additional 37 business activities to licensing requirements, more than doubling the number of licensed activities and significantly increasing costs to entrepreneurs. Together with the Investment Roundtable (supported by USAID through award no. 116-G-00-02-00010), TFI was instrumental in drafting amendments to the law On Normative Acts, which was adopted by Parliament in June 2003. The amendments help make the process by which new regulations affecting businesses are adopted more transparent and inclusive by establishing a mandatory review and

comment period, requiring a cost-benefit analysis and raising the bar for justification that must be provided before proposed regulations can be adopted.

In Tajikistan, TFI's experts have worked with governmental authorities and entrepreneurs to develop regulations simplifying business registration procedures to save entrepreneurs time and money. The project also prepared and posted information boards at border posts in Soghd Oblast. The boards contain information on customs procedures and duties, and help address the lack of access to information regarding current laws and procedures, which cross-border traders identified as a major obstacle to business activity. TFI initiated the holding of regular "cross-border trade roundtables" involving entrepreneurs and governmental representatives from Kyrgyzstani, Tajikistani and Uzbekistani areas of the Ferghana Valley. The roundtables have provided a forum for the identification of obstacles to cross-border trade and the discussion of possible solutions.

Regulatory Reform (1999-2002)

Activity was undertaken in Kyrgyzstan to remove or reduce administrative and regulatory barriers to business development. The activity worked with entrepreneurs, business associations and government representatives (local and national level) to improve the legal and regulatory framework for businesses and to build support for reducing constraints.

The project was instrumental in helping to bring about licensing reforms that resulted in the reduction of the number of business license categories from 62 to 29 and the adoption of flat fees for licenses, significantly reducing opportunities for corruption. Subsequently, the project successfully defended the licensing reforms, playing a key role in the repeal of four proposed resolutions that would have subjected an additional 37 business activities to licensing requirements, more than doubling the number of licensed activities and significantly increasing costs to entrepreneurs. The Project also did significant work in the area of certification and standards reform, laying the foundation for the subsequent adoption of a new law "On Technical Regulations," which creates a legal distinction between mandatory technical regulations (e.g., relating to health, safety, national security) that will continue to be regulated by the government, and voluntary quality standards that will now be left to the market to determine, thereby liberating businesses from the burden of complying with the multiplicity of mandatory standards that had proliferated in the Soviet era's command economy.

ETHIOPIA

Business and Trade Registration (current)

Over the past two years, support (training, computers and software development) has been provided to the Ministry of Trade and Industry to modernize its business and trade registration system. This has resulted in substantial reductions in the time and cost required to process business and trade licenses.

GEORGIA

Land Privatization Project (1997-2000)

In 1998, the government of Georgia, with assistance provided by USAID, passed the Law on the Declaration of Private Ownership of Enterprise Land, one of the most progressive land privatization laws in the NIS. This law eliminated sales procedures, notarizations, pricing calculations, surveying requirements and other unnecessary processes that otherwise allowed for corruption and severely impeded enterprise land privatization. As a result, all land associated with private enterprises was automatically transferred to those enterprises. The government also approved regulations that authorized the registration of ownership of such land. With USAID's assistance, titles for urban enterprise land were issued, plots resold, and a market began to operate.

JAMAICA

Legislation, Regulations and Process Improvement Project (current)

In this project, being implemented by the Jamaica Chamber of Commerce (JCC), USAID funded a survey of private sector organizations to identify the key regulations, legislation and processes that need to be resolved/improved.

Impact/Results:

Based on the survey findings and in consultation with the Government of Jamaica (GOJ), the JCC is implementing a work plan to accelerate the reduction/removal of bureaucratic impediments to private sector operations. The Chamber anticipates a 30% reduction in the time for the government and its business facilitation agencies to resolve delays in processing applications, streamline or improve legislation, and resolve or improve regulatory issues.

JORDAN

Municipal Business Licensing Reforms (current)

USAID is working with the Greater Amman Municipality (GAM) and the Ministry of Municipalities and Rural Affairs to streamline the issuance and renewal of professional licenses. USAID consultants are working with two pilot municipalities to map out a subgroup of business process reforms that, if applied to all manual processes, will streamline about 75% of more than 1,200 license categories. Once the manual reforms are successfully deployed in the two pilot municipalities, other municipalities will be encouraged to adopt the reforms and reform their remaining business processes. USAID consultants will also examine options for automating municipal business processes on a pilot basis.

Impacts/Results:

Initial indicators suggest that the number of days to obtain a municipal license will reduce from between 30 to 60 days, down to less than 10 days. The number of visits will reduce from about eight to three.

Sectoral Licensing Initiative (current)

This initiative is being undertaken pursuant to the 2002 Investor Roadmap of Jordan. Interim Law No. 68 of 2003, the Investment Law, promises substantial improvement to the enabling environment for business in Jordan as it offers a strong legal mandate for the following improvements in the areas of company registration, prior approvals, general licenses, and sectoral licenses.

- Elimination of prior approvals for company registration
- Streamlining of sectoral and general licensing
- Elimination of licenses that are superfluous
- Elimination of licenses that limit competition
- Elimination of prior approvals for licenses
- Expedition of sectoral and general licensing process
- Transparency of sectoral and general licensing process
- Recourse in case of delay of sectoral and general licensing process or rejection of application

USAID is currently launching an initiative to provide the Government of Jordan with the technical assistance that it requires in the areas of business process re-engineering, law, and information technology in order to apply the Investment Law and realize the improvements to business registration and licensing that it promises.

Impacts/Results:

It is too early to assess the impacts of this initiative. Preliminary results include approval by the Minister of Industry & Trade for its implementation and a partnering agreement with the Jordan Investment Board.

Industrial Licensing Initiative (past five years)

This initiative was undertaken pursuant to the Investor Roadmap. One aspect of business operation that was identified in the Investor Roadmap as a priority for reform was industrial licensing. USAID attempted to address the over-regulation of licensing agencies by convincing the government to restrict licensing to commercial activities that have a clear impact on health, safety, or environmental quality. The licensing reform effort was comprised of the following interventions:

- International and local legal consultants examined the legal regime for business licensing
- An international expert designed and led a multi-agency workshop, attracting approximately 40 representatives from 17 agencies, to explain why reducing the number of licenses would have a beneficial impact on business activity (and eventually government revenue) and made recommendations regarding specific licenses to abolish
- An action plan was created that called for:
 - Creating and disseminating a survey to various licensing authorities aimed at having them document licensing procedures and make recommendations for which licenses could be eliminated
 - Mapping the individual licensing procedures of the agencies surveyed
 - Identifying a high-level government sponsor for the activity
 - Drafting a model licensing law that would limit the types of licenses permissible in Jordan
 - Drafting a law on licensing to limit types of licenses that agencies could issue
 - Providing follow-on support provided to get law passed

Impacts/Results:

Despite high-quality diagnostic work and several meetings with stakeholders, this initiative failed at the time to make substantial impact on the rationalization of industrial licensing due primarily to a lack of political will. Subsequently, however, this work served as the foundation for the progressive licensing regime in the Aqaba Special Economic Zone (ASEZA), as well as Interim Law No. 68 of 2003, the Investment Law, which currently provides the legal basis for licensing in Jordan.

MONGOLIA

Manual for Action in the Private Sector (2000)

In November 2001, the The Competitiveness Initiative project carried out a survey of 375 business enterprises to address government regulatory impediments in the Mongolian business environment. The MAPS findings were used for roundtable discussions between the private and public sectors to take on very specific regulations, standards, and policies that directly affected the ability of businesses to invest in, produce, and market export products. The GoM has made improvement of the business environment a major focus of its Administration. The total number of requirements has been reduced; however, companies report that the number of inspections has increased and that the incidence of fines and unofficial payments has increased. This is a problem caused by a lack of clear implementing regulations and transparency.

MOROCCO

Commercial Law and Courts Modernization (2000-2005)

This is a program of assistance to the Ministry of Justice for the modernization of commercial lands and courts in Morocco. USAID consultants have trained judges and staff and installed new information systems and processes at three commercial courts, out of eleven such specialized courts in Morocco.

Impact/Results:

The court in Agadir continues to report improvements in the time required to complete a case – from 227 days in 2001, to 144 days in 2002, and 97 days in 2003; information on the other two is not yet available.

PHILIPPINES

Growth with Equity in Mindanao (current)

For agriculture, fisheries, economic, infrastructure and business development of Mindanao, including special support for Muslim areas.

- Reduced the processing time for the issuance of new business licenses in Tawi-Tawi and Sulu from five days to one day as a result of the actions taken by City Officials following a GEM-sponsored training and follow-up technical assistance on procurement and transparent governance for business support organizations (Chambers of Commerce)
- Harmonized duties and other fees at the ports of General Santos City and Bitung, Indonesia in order to promote an increase in trade between the Philippines and Indonesia.

Philexport Microeconomic Reforms (current)

For private business advocacy of policies increasing openness and transparency of the economy.

- The 6-Point Environmental Advocacy Program resulted in the rationalization and simplification of procedures for SMEs in the Environmental Compliance Certificate process.

Transparent and Accountable Governance (TAG) Project (current)

The Asia Foundation's work with local governments in Mindanao on anti-corruption measures and public service improvement in local government, especially the Autonomous Region of Muslim Mindanao, as well as complementary anti-corruption networking at the national level.

- Shortened the transaction time for business permit issuance and renewal by at least seven times, which encouraged and increased investors' confidence to invest in the concerned cities.

RUSSIA

Investment Strategy for Selected Regions by the Foreign Investment Advisory Service (2000-2006)

Assisting administrations and business communities of Tomskaya, Irkutskaya and Rostovskaya oblasts to remove administrative barriers to SME development, improve the investment climate, facilitate communication between the private sector and the government, and monitor the effectiveness of reforms for the private sector. FIAS assisted Tomsk Administration in working out an Action Plan aimed at the removal of administrative barriers in the Region. In October 2002, the Action Plan was approved by the Governor and is now being implemented.

Small and Medium-Sized Enterprise Policy Advocacy Program (2002-2006)

Strengthening the capacity of regional business associations to advocate for improvements in the administration and policies affecting small and medium-sized enterprises in the Russian Federation.

- Since September 2002, the business coalitions have already advocated for 20 concrete policy changes, including the introduction of new regional decrees and the adoption of amendments to regional laws aimed at improving the policy environment for small and medium-sized business in their regions.
- Regional coalitions actively pressed for a new edition of the Law on Chambers of Commerce and Industry of the Russian Federation, recently submitted to the State Duma of the Russian Federation.

Enhanced SME Development activity (2003-2006)

This program supports the development of more sustainable SMEs in the Russian Far East through a variety of activities such as training, creating new partnerships, and facilitating financial opportunities. The program brings together entrepreneurs, governments, business associations and financial institutions.

- The Sakhalin regional government brought its regional law on certification and licensing in compliance with the federal law and, with the Regional Certification Center, created an Internet site that explains certification procedures and provides templates of required documents.
- The Buryatia Republic amended its law on the registration process, reducing the number of documents required to open a trade or catering business from 7 to 5, thereby reducing the time to register business from 7 to 3 days.
- The administration of Nevelsk, Sakhalin region, revoked a decree on price regulation for bakery products and amended a regional law on rural catering businesses thereby reducing an imputed tax rate for rural catering businesses.

UKRAINE

BIZPRO Regional Regulatory Reform Support (2002-2004)

In 32 cities of 8 oblasts of Ukraine, 1) procedures regulating land acquisition and construction documentation approvals have been revised 2) procedures for obtaining communal property for lease as well as for setting amounts of rent payments for communal premises and land parcels have been revised 3) Ukraine procedures for obtaining sector-specific permits (e.g. permits for the placement of outdoor advertisement constructions, permits for placing small non-fixed site constructions, permits for placing trade points) have been revised. In addition, BIZPRO assisted in the setting up of almost 20 registration and 6 permit issuing one-stop shops that facilitated and streamlined business operations. The process of revision and development of local regulations was made public and transparent through the discussion of every draft at roundtables and public hearings. Implementation of each regulation in each city was monitored to check compliance with its requirements on the part of local government officials.

Impact/Results:

Most regulatory impact evaluation studies (both statistical and sociological) indicated improvement in the local business environment (decrease of time and costs incurred on businesses by respective regulations). For instance, according to a sociological survey after the establishment of registration OSS in Ivano-Frankivsk, the reported level of corruption decreased from 84% to 1%. Local regulations that lay down relevant procedures have become more streamlined and consistent.

BIZPRO National and Regional Advocacy Coalitions (2001-2002)

BIZPRO supported the creation of advocacy coalitions by national and local business associations. The coalitions' primary objective was to create policy proposals aiming at crucial SME development issues. BIZPRO provided technical assistance in order to equip business associations with hands-on experience, knowledge and techniques to enable them to lobby their members' interests. Three national and five regional coalitions were formed. Associations prioritized business development constraints and selected three major issues to work on: taxation system, inspections by various authorities, and permits for opening and running businesses.

Three regional coalitions worked on the development of a one-stop shop model. The purpose of a registration one-stop shop is to create favorable conditions for entrepreneurs and start-ups by allowing them to register their businesses quickly, transparently, and in one place. The purpose of permit one-stop shop is to create a mechanism to receive all the necessary permits and permissions in one place, quickly and transparently.

Impact/Results:

- Three one-stop-shops were opened in Mykolayiv (obtaining permits), Ivano-Frankivsk and Kherson (registration). Coalition participants and local authorities successfully negotiated to bring together officials from different controlling/registering bodies.
- The coalition working groups developed draft laws “On Simplified System of Taxation, Accounting, and Reporting for SMEs”, “On Major Principles of State Control over Business Activity”, proposals regarding the revision of legislative norms regulating the special taxation regime for SMEs, amendments to legislative acts that regulate the order of conducting inspections of enterprises by the Tax Inspection and State Committee for Consumer Protection.

Regulatory Reform Project in Ukraine (1999-2002)

The Regulatory Reform Project in Ukraine assisted in drafting 1) the Law of Ukraine “On Licensing Certain Types of Economic Activity” 2) the Laws in the sphere of technical regulation reform, namely the Law of Ukraine “On Standardization”, the Law of Ukraine “On Assurance of Conformity”, the Law of Ukraine “On Accreditation of Conformity Assessment Bodies.”

The Regulatory Reform Project in Ukraine also contributed to the drafting of the Presidential Decree “On Introduction of Unified State Regulatory Policy in the Area of Entrepreneurial Activity” and the Cabinet of Ministers’ Resolutions on Methodology of Regulatory Impact Analysis and Procedures for Drafting Regulations that were mandatory for executive bodies (ministries and agencies and oblast authorities).

The Regulatory Reform Project in Ukraine also assisted the State Committee of Ukraine for Regulatory Policy and Entrepreneurship in training its personnel in regulatory reform issues as well as in the preparation of SCRPE decisions on adopted regulations that ran counter to the principles of regulatory reform. Package decisions on communal leases were developed and disseminated in the regions.

Impact/Results:

As a result of the adoption of the Law “On Licensing Certain Types of Economic Activity,” the number of activity types was reduced from approximately 120 to approximately 60. However, constant attempts to increase the number of licensed activities are being observed. Adopted laws in the sphere of technical regulation are in conformity with EU and WTO requirements, however their implementation has been slow and inconsistent. According to IFC Surveys, the number of businesses that perceive certification (an aspect of assurance of conformity) as a major obstacle has decreased from 42% in 2000 to 30% in 2002. The SCRPE adopted approximately 200 decisions aimed at eliminating violations of regulatory reform principles by central and local executive bodies. Overall, according to the World Bank Cost of Doing Business in Ukraine Survey, the average cost of doing business in Ukraine decreased from 3,222 USD in 1999 to 2,248 USD in 2002.

REGULATIONS AFFECTING CONTRACT ENFORCEMENT, DISPUTE RESOLUTION, CLAIMS AGAINST PLEDGED COLLATERAL, BANKRUPTCY PROCEEDINGS

ARMENIA

Rule of Law / Commercial Law project (2000-2003)

- In November 2000, bankruptcy training was conducted for judges.
- In April 2001, amended the Civil Code to place the bankruptcy law into full effect.
- From 2001-2002, significant input was provided to amend the existing 1997 Bankruptcy Law. The amended law passed the National Assembly in December 2003.
- In 2001, the Association of Bankruptcy Administrators and Independent Experts (ABAIE) was established.
- The project assisted the Ministry of State Revenues (MSR) on selected pilot bankruptcy cases in which the MSR was a creditor.
- Key bankruptcy stakeholders participated in a study tour in the U.S., which has served as a basis for further work developing legislative amendments.

Impact/Results:

The aforementioned initiatives carried out by the various USAID projects bring some semblance of order to a rather chaotic bankruptcy system in Armenia. The passage of the Amended Law on Bankruptcy of 2003, the development of the Economic Court and the establishment of the NGO for bankruptcy administrators are key foundations for streamlining the bankruptcy proceedings and for bankruptcy cases to be handled in a more professional and less complicated manner.

Law on Bankruptcy — This portion of the activity was directed towards drafting amendments to the existing law and developing the regulatory framework based on the findings of pilot bankruptcy cases. Supplementary components included facilitating the establishment of a professional association of bankruptcy administrators and assisting the association in the development of a certification training program for the bankruptcy administrators.

- Drafted amendments to the Law on Bankruptcy of 1997. Chemonics organized a working group comprising MOJ officials, local judges and administrators, and foreign experts (including Russian and US experts), and led discussion sessions to analyze and assess the strengths and weaknesses of the existing Law on Bankruptcy in July and August 2001. The desired outline for revising the Law was presented to the MOJ in August 2001. Following three further weeks of work in September, including 8 days of roundtable discussions with the MOJ, a basic agreement was reached on the principal amendments to be drafted and presented to the Government of Armenia. The completed text reflecting these amendments was presented to the MOJ in September 2001.
- Provided expert assistance in processing four pilot bankruptcy cases. Bankruptcy specialists were assigned to work on four pilot cases in the Shengavit Regional Office. The group's expert assistance was directed to the bankruptcy proceedings of the four pilot cases in which the Ministry of State Revenue was a creditor.
- Rendered assistance to the Association of Bankruptcy Administrators. Chemonics assisted the Association of Bankruptcy Administrators and Independent Experts (ABAIE) in the start-up phase of its formation and organization. Additionally, Chemonics assisted the ABAIE in collecting data on bankruptcy cases, designing a certification-training module, training the trainers, and initiating and launching a newsletter.

BOSNIA-HERZEGOVINA

Fostering an Investor- and Lender-friendly Environment (2003-2006)

FILE seeks to create an environment that protects creditors' and investors' rights by strengthening the capacity of Bosnian courts to adjudicate commercial cases in a timely and predictable manner and training judges, attorneys, court staff, bankers, and trustees on bankruptcy, collateral, and procedural laws.

Impacts/Results:

- Assisted in the establishment of 15 commercial courts.
- Designed and initiated bankruptcy training under the new bankruptcy laws.
- Strengthened the trustee certification program.

Pledge Registry Project (2002-2005)

PRP seeks to create a legal environment that recognizes the rights of creditors of moveable property by providing for an efficient mechanism to recover unpaid loans through the seizure and disposition of collateral. It develops an automated public registry system that provides information regarding existing claims on moveable property.

Impacts/Results:

- Moveable Pledge Law drafted and enacted.
- Development of application software almost completed.
- 93 trainers from 43 financial institutions completed the "train the trainer" program.

BULGARIA

Central and East European Law Initiative (2000-2003)

Support to reform-minded indigenous organizations and institutions in the following focus areas: commercial legislation; alternative dispute resolution, banking reform and bankruptcy training; intellectual property rights; judicial institution building and training; ethics, legal profession and education.

Impact/Results:

- A formal definition for mediation was adopted in June 2003.
- A formal process for testing and selecting bankruptcy trustees was enacted in June 2003.
- A quasi-government entity was established in April 2001 to mediate collective bargaining disputes.

CENTRAL ASIAN REPUBLICS

Legal Infrastructure for a Market Economy (2000-2005)

In Kyrgyzstan, activities undertaken since early 2000 were aimed at assisting in the establishment of the legal and institutional framework necessary to support a market-based economy in the Kyrgyz Republic. They focused primarily on assessing and seeking to improve the current framework of commercial legislation; training judges and lawyers and engaging in other activities calculated to increase the competence of those responsible for interpreting and applying the law; and strengthening the judiciary as an independent branch of government. USAID consultants also prepared and disseminated significant amounts of information regarding the law, which played a key role in providing legal practitioners, entrepreneurs and the public with the tools necessary to understand and properly apply the law, make well-informed business decisions, and to know (and thus be able to advocate for) their rights, all of which are necessary ingredients for a functioning market economy.

In Tajikistan, the overall project objective was to strengthen independent, efficient legal institutions that can effectively and fairly implement the legal reforms necessary for a market economy and to develop the private sector enterprise in Tajikistan. The project provides training to Tajik judges and attorneys regarding the interpretation and application of commercial legislation, and works with the Tajik court system to establish modern methods of judicial administration and case management. To support the development of private enterprise, the project provides training to drafters of legislation and assists the Government of Tajikistan in developing the necessary framework of commercial legislation. The project is also assisting the GOT to modernize and maintain its pledge registration system.

Impact/Results:

The project has executed a Memorandum of Understanding with the Kyrgyz Supreme Court, which formalizes agreements to collaborate in the areas of judicial training, expansion of the judicial opinion database, clarification of legal issues, and the modernization of Kyrgyz courts. Expected results are an improved legal environment within which businesses operate and improvements in the manner in which contracts are enforced and business disputes resolved. The project was a key and active participant on the ADB-sponsored Judicial Advisory Commission which developed recommendations regarding a wide-ranging set of judicial and court reforms including a review of judicial appointments and the dismissal and compensation of judges. Such reforms, if properly implemented, will increase judicial competence (by weeding out the incompetent and bad ones) and public confidence in the judiciary. The project played a key role in the drafting of the law on commercial arbitration adopted by the Kyrgyz Parliament, establishing a local enforcement mechanism for foreign arbitral awards and allowing arbitration of commercial disputes within Kyrgyzstan.

Concurrently, the project helped establish the Commercial Arbitration Association (now known as the International Court of Arbitration), which provides a potentially faster and more transparent alternative to resolving disputes through the often unpredictable judicial system. The President of Kyrgyzstan commented that commercial arbitration should serve to ease the workload of Kyrgyz courts and attract foreign investors.

The project has provided critical assistance in preparing the draft Pledge Law which is being considered by the Kyrgyz Parliament. The new law, if adopted and properly implemented, will make it easier for lenders to realize their collateral, which will create new incentives for lending and lower the risks of lending (and thus, the costs of borrowing).

In Tajikistan, the project is developing a "Practical Guide to the Civil Code" based upon the project's experience in developing a similar "Guide to the Civil Code of the Kyrgyz Republic." The purpose of the Practical Guide is two-fold: 1) to create a practical commentary that explains the underlying purpose of various provisions of the Code by utilizing hypothetical examples; and 2) to provide training to local professionals on creating commentaries. A Pledge Law working group has been formed for the drafting of amendments for the revision of the Pledge Law. With the passage of a new bankruptcy law in November 2003, the project has provided a series of training programs for lawyers and businessmen on the new law and has provided critical training and assistance in building a viable bankruptcy trustee program. The project team has developed and carried out a broad range of training programs for legal professionals in civil and commercial law and was key in establishing an institutional judicial training mechanism; court administrative reform workshops were delivered to judges and court administrators to improve the functioning of the Tajik judiciary; a court modernization program was launched to provide selected Tajik courts with the modern equipment, technological and informational aids and appropriate training necessary to function effectively, with the ultimate objective of (a) increasing the efficiency and effectiveness of the courts assisted, and (b) increasing public confidence in the judicial system. The project conducted three judicial examinations in Tajikistan, providing the country with a strong merit-based model of judicial promotion.

CROATIA

Commercial Law Reform Project (last 5 years)

Multi-faceted technical assistance has included training Commercial Court Judges, the design of an automated court and case management system as well as initiatives in alternate dispute resolution. Training has resulted in the increased capacity of younger judges' adjudication procedures, while the automated Court Management System has been incorporated as a vital element of an ongoing MOJ/WB/EU project, to be implemented country-wide in courts of all jurisdictions. Assistance in ADR has resulted in the passing of an ADR law, the training of over 100 mediators, as well as the establishment of Mediation Centers with several Croatian non-governmental organizations.

USAID has provided the MOJ with a detailed report containing recommendations for a computerized collateral registry, and was instrumental in drafting a collateral law as part of a MOJ workgroup. The process is not finished as legislation and the ensuing establishment of a collateral registry is still pending.

EAST AFRICA REGION

COMESA Court of Justice (current)

The COMESA Court of Justice benefits the process of economic integration since it addresses the issue of enforcement of decisions taken collectively and also allows for legal or natural persons affected by any act, directive, decision or regulation of the Council or Member State, or unlawful or infringement of the provisions of the Treaty, to request the Court to determine the legality of such act, directive, decision or regulation. Like any true legal system, the Common Market legal system needs an effective system of judicial safeguards when the law is challenged or must be applied. The Court of Justice, as the judicial organ of the Common Market is the backbone of that system of safeguards. Its judges ensure that the law is not interpreted or applied differently in the member states and that as a shared legal system, it remains a Common Market system and that it is always identical. In order to fulfill that role, the Court of Justice has jurisdiction to hear disputes to which member states, the Secretary General, or residents of member states (individuals and legal persons) may be parties. The COMESA Court of Justice primarily deals with commercial law in member states and legal matters arising from the COMESA Treaty.

USAID/REDSO has strengthened the COMESA Court of Justice by providing translation and audio-visual equipment for the COMESA court as well as procuring equipment like the computers and photocopiers. With assistance from REDSO, COMESA has conducted workshops for the legal fraternity in the region so that judges and lawyers from COMESA member states can become more aware of the activities and jurisdiction of the COMESA Court of Justice. The COMESA Court of Justice is to be based in Khartoum, Sudan.

JORDAN

JAED Initiative Policy and Legal Support (past five years)

One aspect of the wide-ranging, ongoing JAED Initiative is the improvement of the law governing investment (i.e., the Investment Promotion Law of 1995), including the protections and entitlements granted to investors. USAID provided extensive policy and legal support to the Government of Jordan to develop, draft, and advocate a new law that includes a program of protections (e.g., recourse to dispute resolution) and entitlements (e.g., full repatriation of profits for foreign-owned businesses) for investors, which is consistent with international best practice.

Impacts/Results:

Interim Law No. 68 of 2003: The Investment Law passed by Government of Jordan on 16 June 2003. The law includes a program of protections and entitlements for investors that is consistent with international best practice.

KOSOVO

Pledge Law (current)

USAID drafted a Pledge (collateral) Law and established a Pledge Filing Office. USAID also assisted in drafting modern mortgage and bankruptcy laws. Recently USAID helped revise the Company Law to assure that it was simple and did not over-regulate. In 2004, USAID will draft an Arbitration Law. Over the next two years, USAID will provide training on these laws to assure they are properly implemented.

Impact/Results:

The pledge filing office facilitates bank lending – banks are obtaining and using this information. Up to January 1, 2004, 15,000 pledges were filed with the Pledge Filing Office (at a cost of 5 euros for each registration). Entities registering pledges included three (of eight) commercial banks and eight (of 18) microfinance institutions. The collateral law has been used successfully by some banks to seize collateral when a loan is not repaid.

MADAGASCAR

Development of Alternative Dispute Resolution (ADR) techniques

The mission has promoted the use of arbitration and other alternative dispute resolution (ADR) techniques. Through technical assistance, USAID/Madagascar has contributed to the promulgation of an Arbitration Law in 1998. It also was instrumental in the development of ADR techniques and the creation of the Malagasy Arbitration and Mediation Centre (CAMM) in 2000. The CAMM's mandate is to promote the use of ADR, thus helping to relieve overburdened judicial courts. It also gives the business community more choice regarding the methods of settlement of their business-related disputes.

PHILIPPINES

Economic Governance Technical Assistance (EGTA) Project (current)

For technical assistance to implement openness, transparency, and anti-corruption measures in economic policy. The Department of Trade and Industry issued a policy that mandates the acceptance of electronic documents, exempts e-commerce transactions from taxes, and accepts the validity of digital signatures. On September 28, 2001, IRRs for the Electronic Commerce Act were issued which:

- mandate the acceptance of electronic documents as evidence, identify hacking as a crime, provide for technologically-neutral digital signatures, and exempt e-commerce transactions from taxes
- provide clear, transparent, and predictable rules to ensure the legal validity and enforceability of electronic signatures and contracts as well as to promote network security, connectivity and the neutrality of technology in commercial transactions
- boost electronic commerce through the Internet

RUSSIA

Banking Advisory Services (1998-2004)

Support for the development of a sound financial sector in Russia with U.S. financial experts providing consulting and training to Russian counterparts; assistance with draft legislation and regulations; and consultation with selected commercial banks and regional administrations.

Law on Insolvency (Bankruptcy) – FSVC advised the Ministry for Economic Development on the law on insolvency (bankruptcy), which took effect November 2002 and significantly improved the country's insolvency regime; enhanced creditors' rights and the provision of "financial rehabilitation" to complement liquidation procedures; and created provisions for stricter screening and selection processes for bankruptcy managers, which had been a problem in Russia since 1998.

SENEGAL

Improving the Judicial Process for Business Needs

Regional Business Law - OHADA: In 1996, the Government of Senegal (GOS) ratified the Treaty for Harmonization of Business Law in Africa (OHADA). This Treaty was signed by 16 francophone countries in Africa and incorporates provisions for the implementation of Alternative Dispute Resolution (ADR) with the intent to administer justice in a more efficient way than in the traditional courts. USAID/Senegal funded the training of Senegalese magistrates, lawyers, and private sector businessmen, and supported the creation of the Center for Arbitration, Mediation, and Conciliation.

Objectives:

- Support and complement ongoing judicial reform in Senegal
- Reduce delays in dispute resolutions
- Reduce the cost of resolving disputes

Impact/Results:

Key private firms, such as banks, insurance companies, and construction firms, are now aware of the existence of and the advantages of the services of the CAMC. They now include in their contracts an arbitration clause by which parties agree to refer to the Center in case of disputes. More than 200 mediators and some 120 arbitrators received specialized training.

SERBIA

Commercial Court Administrative Strengthening Activity (2004-2005)

The purpose of this task order is to provide technical assistance to the Ministry of Justice of the Government of the Republic of Serbia and to the Commercial Court system in Serbia, in the court administration, case management, alternative dispute resolution, enforcement of judgments, technical training for judges and court staff, and public education and awareness highlighting the economic and social benefits of judicial administrative reform.

The principal objective of this task order is to support the development of a more dynamic and competitive private sector in Serbia by improving the efficiency and effectiveness of institutions, mechanisms, and processes that are essential to the increased growth of commerce and commercial enterprises. Emphasis will be placed on improving the internal workings of the Commercial Court system as well as its ability to move cases along quickly and fairly. This will include technical assistance to:

- promote legal and regulatory reforms that will strengthen the ability of Serbia's courts to adjudicate commercial and economic cases quickly, efficiently, and predictably;
- develop and implement a multi-year strategic vision for improving the overall organizational performance of Serbia's Commercial Courts that will align operations with EU standards, international best practices, and the needs of a modern, diversified market economy;
- strengthen the administrative and management capacities of the MOJ, Commercial Courts, and other key GOS implementation partners in core functional areas including strategic planning, resource planning, financial planning and budget development, fiscal and resource management, business process reengineering, data collection and management, court process automation, information technologies management, human resource development, public and media relations;
- build the necessary capacity of key supporting institutions necessary to the efficient and transparent adjudication of commercial and economic cases;
- promote conditions for sustainable and constructive interaction between the GOS, the private sector, and civil society, which is essential to a well-functioning, modern legal system in the wider European tradition.

UKRAINE

Ukraine Commercial Law Project (2003-2004)

Law "On State Registration of Legal Entities and Physical Entities Engaged in Business"

This law will be amended to establish more efficient procedures for creating business entities and simplify the formal requirements for statutory documents and the procedures for the termination of a business (merger, split off, reorganization and liquidation).

Laws "On State Tax Service in Ukraine," "On Enterprises in Ukraine," and "On Entrepreneurship"

A draft law is being prepared to allow a simpler, transparent liquidation procedures for businesses by eliminating the requirement that they receive a statement from the State Tax Authority in order to liquidate. These statements are often overlooked or arbitrarily withheld.

Law "On Enforcement of Judicial Decisions"

Amendments are being prepared to simplify burdensome and non-essential information in writs of execution, eliminate pretexts arbitrarily used by bailiffs for not enforcing judicial decisions, and remove formal obstacles to seizing a judgment debtor's property to recover on a money judgment. The procedure for seizure of property will be harmonized with similar procedures in the civil code, the law on secured transactions, the mortgage law and the bankruptcy law.

Law "On Restoring the Debtor's Solvency or Declaring It Bankrupt"

A priority is an amendment to the bankruptcy law to allow secured creditors to easily remove collateral from a bankruptcy case and proceed against the collateral without further restriction in order to efficiently enforce collateralized loans. Also the bankruptcy law must be amended to better protect shareholders' rights in bankruptcy by authorizing a shareholders' representative to take part in the bankruptcy case.

Ukraine Commercial Law Project (2000-2004)

Law "On State Registration of Legal Entities and Physical Entities Engaged in Business"

In May 2003, a unified business registration law was passed providing a single venue for the registration of all business entities, formalizing and reducing the number of documents that must be submitted with the registration application, and reducing the time it takes for a business to register from 10 days to 3 days. It also facilitates the identification of legal entities, the disclosure of authorized signatories, and the processing of civil actions.

Law "On Restoring the Solvency of the Debtor or Declaring it Bankrupt"

Key amendments to the bankruptcy law passed in March 2002, set clear deadlines; established transparent publication rules; differentiated post-bankruptcy creditors from pre-petition creditors, which greatly enhanced the possibility for reorganization; and clearly defined the status and powers of arbitration managers.

Law "On Securing Creditors' Claims and Registration of Encumbrances"

A new secured transactions law passed in November 2003 contained an expansion of the concept of security interest and rights that can be used as collateral, defined proper registration procedures and priority provisions, reduced the information required for registration of a security interest, improved the mechanisms for enforcement of collateral, and lessened the opportunity for court interference with the enforcement of collateral.

Economic Procedural Code

Amendments to the Economic Procedural Code passed in May 2003 contained provisions which facilitate out-of-court settlement of commercial disputes.

Law "On Arbitration Courts"

The law, "On Arbitration Courts," was adopted in September 2003 and allows for the resolution of disputes involving non-residents only in compliance with International Commercial Arbitration at the Chamber of Commerce and Industry of Ukraine.

ZAMBIA

Small Claims Court

The Mission has helped to establish the Zambia Dispute Resolution Center and is working to establish a Small Claims Court. The Dispute Resolution Center provides arbitration as an alternative to the formal court system.

Impact/Results:

Improved contract enforcement situation, though more work is required, particularly in the small claims area.

LABOR REGULATIONS

BULGARIA

Labor Market Reform (current)

The project supports the reform of the Bulgarian pension system, including the creation of a mandatory private pension system, the establishment of a supplementary voluntary system, and the reform of the public pay-as-you-go system. It works on formulating and implementing well-designed labor-market, pension, unemployment and related social policies. The project also provides policy assistance to the Ministry of Labor and Social Policy on labor market issues.

Impact/Results:

Employers will have the flexibility to make adjustments in the level and composition of their workforces necessary to improve productivity and value-added operations, develop and execute effective business strategies for the most attractive business opportunities, and make their businesses more competitive in the world economy. The successful passage of these legislative amendments will 1) increase employment growth and raise wages and living standards through increased productivity, exports and flows of foreign direct investment 2) reduce the duration of unemployment spells and reduce the level of long-term unemployment, particularly among vulnerable groups.

CARIBBEAN REGION

Regional Legislative Drafting Facility (current)

This facility is, among other things, currently drafting legislation for the establishment of CARICOM's Single Market and Economy (SM&E). Forty amendments to national laws have been written so far to facilitate the removal of restrictions on the movement of skilled labor throughout the region. In addition, technical assistance was provided to the Government of St. Kitts and Nevis to amend their "Skilled Nationals Act."

Expected Impact:

The enactment of specific labor legislation in the national jurisdictions of the Caribbean countries will establish the fundamental framework for business owners to have region-wide access to skilled labor at competitive rates.

CENTRAL AMERICA REGION

Equitable and efficient labor markets

Technical assistance to the Central American Ministries of Labor to increase their capabilities to protect workers' rights and prepare them for CAFTA implementation. PROALCA technical assistance to the Central American Ministries of Labor facilitated negotiation of labor issues in CAFTA, helped harmonize core labor standards, and introduced the concept of private-sector voluntary enforcement of labor standards.

DOMINICAN REPUBLIC

Social Security Law Support (2000)

Training and dissemination activities to build consensus for approving the pension reform law. It was very effective assistance – the law was finally approved and it is being implemented.

GHANA

Mediation of Labor Disputes

Labor regulations promote the use of labor dispute mediation and streamlined adjudication through the National Labor Commission.

Impact/Results:

Legal obstacles to using “independent” mediation options to resolve disputes between two private parties removed.

Labor Law

The three stage process of getting to the labor law: 1) Agreement on the need for labor market flexibility
2) Facilitation of the process of reform of labor market rules to promote transparency and flexibility
3) Codification of the agreements among government, employers and labor.

Impact/Results:

Eventual passage of new clearer, more flexible and manageable labor regulations embodied in the new labor law.

MOZAMBIQUE

Confederation of Mozambican Business Associations

In 1996, the IBRD's Foreign Investment Advisory Service (FIAS) presented the first analysis of administrative barriers to investment, or red tape, conducted in Mozambique. It attracted the amazement and horror of senior government officials, including the president, and was swiftly followed by resolve to immediately fix the problem. In 1997, a chastened Ministry of Industry and Trade (MIC) reported back to a national private sector conference that, in fact, very little had been achieved and that the private sector itself should pitch in by electing a working group for the purpose of helping the process along. This was the genesis of the CTA (originally the Working Group of Associations, now the Confederation of Mozambican Business Associations). At the request of the first CTA board, in 1996, USAID provided funding for a local economist. As the CTA has grown in intellectual breadth and institutional capacity, the project has evolved into the central implementation mechanism for our program to improve Mozambique's business environment, itself the heart of our economic growth program for Mozambique.

The CTA's basic approach to key issues – labor law is one example, trade another – is to develop a discussion paper followed by an analysis of the specific issue and, finally, a policy position that is pushed with government through specialized sectoral committees that bring business and government together (e.g. trade, communications, customs, public works, labor). If a consensus is achieved on a reform agenda, then USAID and other donors support the government's efforts to carry it out. As a result, the last eight years have seen great strides in the capacity of the private sector to work with the government, but less progress than was hoped for on the issues themselves. The CTA's views are sought after on a wide variety of issues; ministerial commissions meet monthly; an accounting is provided to the Prime Minister twice a year; and, finally, there is an annual meeting where the private sector and entire government discuss reform agendas.

Impact/Results:

Restrictions on the hiring of expatriates were eased. Two decrees, though falling short of the private sector request that the Export Zone allowance of 15% foreign staff be applied economy-wide, eased the restrictions on the short-term hiring of foreigners by firms. This was (and remains) a disincentive to investors. While further work remains to be done, without the CTA's analysis and advocacy, there would have been no progress on these issues.

SOUTH AFRICA

National Code of Good Practice on the Employment of Disabled People (past five years)

Support was provided to Disabled People South Africa, an NGO, for the compilation of the proposed code. In support of the Code, research was undertaken on procurement preferences, employment targets, disability equity partnership to create wealth, and the redirection of existing health, education and welfare supports to employment and business development supports.

Impact/Results:

A submission on the proposed Code was made to the Minister of Labor in 2001 and its contents have subsequently been reflected in several regulatory reforms aimed at prevention of discrimination against the disabled and the realization of full participation of disabled persons in the country's social and economic life.

Employment Equity Act (past five years)

This activity was undertaken to support the Department of Labor. The Employment Equity Act was passed into law in 1998 to assist in addressing South Africa's legacy of economic and social inequality. USAID funded work aimed at restructuring the Department and establishing systems and processes needed to implement the Act.

Impact/Results:

The Department of Labor has since been restructured, with its new systems and processes reflecting the work that was undertaken.

SRI LANKA

National Productivity Policy (current)

Develop a National Productivity Policy and address labor issues to enhance the competitiveness of Sri Lankan Industry. Resident staff of The Competitiveness Initiative plus short-term technical advisors led an effort requested by the Minister of Employment and Labor to conduct tri-partite (trade union, employers, government) workshops on reforms that would boost productivity, wages, and standards of living in Sri Lanka.

Impact/Results:

A "National Productivity Policy for Sri Lanka" report was produced in English, Sinhala, and Tamil. The cabinet approved the proposed Productivity Policy. A set of reforms was presented to the parliament, including revisions to the Labor Termination Act and labor dispute procedures. Also GSL initiated detailed discussions with trade unions and employers on an unemployment insurance program. These efforts were supported by the ILO and World Bank, picking up from USAID work under The Competitiveness Initiative.

Labor dispute settlement practices were modestly improved. The Labor Termination Act was modestly improved and a formula was created for compensation payments owed to terminated employees.

However, more fundamental reforms were NOT enacted due, in part, to new elections and a change in government, but also due to lack of progress on unemployment insurance, the safety net improvement that trade unions wanted in exchange for more significant reforms. The new government has not shown an interest in taking up reforms related to unemployment insurance, but it may do so in the future.

ZAMBIA

Labor Regulations

The mission, through support to the Zambia Business Forum, has worked to lobby the government to increase the flexibility of labor laws.

Impact/Results:

Expected increase in labor mobility.

REGULATIONS AFFECTING THE MARKET FOR CREDIT OR EQUITY FINANCE FOR BUSINESSES (INCLUDING PROPERTY REGISTRATION AND LEASING)

ALBANIA

Registration Organizational Improvement (current)

In August 2002, USAID/Albania started the Registration Organizational Improvement (ROI) activity which is a follow-on activity to the First Registration of Immovable Property project which ended in 2000. This new project focuses on the registration of zones having the most promising potential for economic development in Albania. During the past two years, USAID has provided assistance to the Immovable Property Registration System to undertake its first registration in selected urban zones with significant results.

Impact/Results:

In addition to the introduction of a low cost, reliable and transparent process to first register immovable property, the project is expected to achieve 138,000 newly registered properties and 51,000 corrected and updated previously registered properties by the end of September 2004.

Registry of Securing Charges/Moveable Property Registry (past five years)

In cooperation with the World Bank and the MF, USAID took the lead in establishing a law on secured transactions and setting up a registry for secured transactions from December 1999 to February 2002. With a total funding of \$574,761, USAID provided technical assistance for the drafting of the law, identifying changes to related laws, the passage of these laws, changes to laws and executive directives for the promulgation of the law on secured transactions. Assistance included the recruitment and in-depth training of Registry staff, adaptation of appropriate software to the specific needs of the Albanian economy, and a program of training and public awareness for the judicial community.

Impact/Results:

The registry is up and running under the responsibility of the Ministry of Finance.

First Registration of Immovable Property (past five years)

In 1996, the mission, in collaboration with the European Union, launched the First Registration of Immovable Property project to replace the obsolete and incomplete deed registry with a modern Immovable Property Registry. This activity, which ended in 2000, focused on the registration of land and buildings in rural areas. It helped clarify the final and full legal status of ownership of property that Albanians received in restitution or in the programs of land and property privatization. The total funding for the project is about \$17 million.

Impact/Results:

By the end of the project in 2000, the first registration activity covered over 2 million rural properties.

ARMENIA

Commercial Law and Economic Regulation (2003-2006)

In June 2004, a roundtable discussion is scheduled to rationalize the collateral law drafting process.

Impact/Results:

The mentioned changes will allow the banks to be more actively involved in leasing activities and increase investment. If the suggested changes are adopted and implemented, they will be instrumental to the establishment of a properly-functioning mortgage market in Armenia.

Microenterprise Development Initiative (current)

An assessment of the legal and institutional framework for establishing a private credit bureau was conducted in May 2004. The legal/institutional reforms initiated by USAID are aimed at increasing private sector access to capital. Specifically, the banking laws drafted with USAID assistance address licensing, corporate governance, bank operation issues, information sharing, depositors' rights protection, as well as banking risk assessment issues. In addition, the Law on Bankruptcy of Banks identifies the priority order of compensation for the creditors (creditor's rights protection) of the bankrupt institution.

Impact/Result:

The outcomes of the assessment of the legal and institutional framework will remove the impediments to the successful operation of a private credit bureau, which is one of the mechanisms of ensuring transparency and information sharing within the banking/financial sector industry.

BANGLADESH

JOBS project (1997-1999)

Expand coverage of Credit Information Bureau (CIB) to cover loans to SMEs

The decision to lend to an organization is very much dependent on a company's past performance. Without information on past performance, there is a great risk that the funds will be lent to companies that will be unable to pay back. Before 1999, the Credit Information Bureau (CIB) of Bangladesh Bank (Central Bank of Bangladesh) was able to provide information only on those borrowers whose total exposure exceeds one million taka, which left out a large number of small enterprises borrowing less than that amount. Later Bangladesh Bank decided to expand the coverage of CIB in phases and now it covers loans from Tk.50,000 and above.

Secured Transaction Act

To address the problem of access to finance for small and medium enterprises (SMEs), the small business project, with help from local and international experts, has drafted a Secured Transaction Law, which is currently being reviewed by the GOB. This law, if adopted, will provide a strong legal basis for lending against movable assets. The Law Commission has officially accepted the draft law for review. The Asian Development Bank has indicated it will support the implementation of this initiative.

BOLIVIA

PREMIER Development Finance Project (current)

Secured Transactions Law

This law will allow borrowers to use assets as collateral for a loan, but retain use of the productive asset. This law will facilitate access to credit and leasing for productive enterprises and other businesses, supporting entrepreneurial development and growth. This law will greatly expand access to credit for small and medium-sized enterprises and lower interest rates, as institutions will have to make fewer provisions for uncollateralized loans.

Fair Credit Referencing Law

This law will permit credit bureaus to function while protecting consumers' information. This will allow microfinance institutions to access credit information on consumers' debts with both regulated and non-regulated institutions, thus improving the accuracy of their risk assessment and allowing lower interest rates for lower risk.

BULGARIA

Bulgarian American Enterprise Fund (current)

This activity seeks to increase the level of private financial intermediation in the Bulgarian economy by providing debt and equity investments to private Bulgarian companies.

Impact/Results:

The Bulgarian American Enterprise Fund (BAEF) helped create mortgage finance legislation and pioneered mortgage lending programs in Bulgaria. The fund managed to achieve outstanding results with a portfolio of over \$20 million. BAEF has also launched and supported the Special Purpose Investment Vehicle (SPIV) legislation to help create a secondary market for mortgage loans. The SPIV law has been successfully adopted and now banks can trade mortgage loan packages.

The mortgage undertaking and the creation of a secondary market for these mortgages resulted in increased mortgage finance competition in Bulgaria and made housing more affordable to Bulgarian people. It has also allowed homeowners to use the equity in their homes for investment purposes.

Capital Market Regulations (2000-2003)

The CMR Project participated in an ongoing effort to strengthen and harmonize the Bulgarian legal and regulatory framework in capital markets and related areas. This effort focused on improving the Law on Public Offering of Securities, drafting required regulations and ordinances, improving the integrity and transparency of Bulgaria's capital markets, increasing financial disclosure and best practices in corporate governance, and training of regulators and market participants. These training efforts included practical seminars on the process of drafting legislation, development of model ordinances and regulations, and train-the-trainer workshops to promote sustainability.

Activity Results:

Below is a list of selected ordinances prepared by the project, all of which have been passed pending consideration, but particular attention should be paid to the passage in June of 2002 of Amendments to the Law on Public Offering of Securities (LPOS - the foundational securities law for Bulgaria).

- Law on the Public Offering of Securities – Over 90 amendments passed
- Law on the Unified Financial Regulator – Passed
- Law on Special Purpose Investment Companies – Passed
- Ordinance on the registration and delisting of public companies from the Securities Commission's public register - Passed
- Ordinance on procedures for registering investment advisors – Passed
- Ordinance on Contents of a Public Company's Share Price Rationale in Cases of Transformation, Common Enterprise Agreement and Tender Offer – Passed

Activity Impact:

This activity was instrumental in the development and passage of key regulations that are critical to the functioning of a vibrant capital market that can serve as an honest broker for investors and entities seeking to raise capital. The amendments to the law cover virtually all aspects of capital market regulation in Bulgaria, and place a particular emphasis on corporate governance and shareholder rights. In addition, they were carefully prepared to be compliant with EU regulations and, as a result, Bulgaria is considered to have one of the best securities laws in the region (if not all of Europe).

Firm Level Assistance Group (1997-2003)

ACDI/VOCA's work was a subset of the overall FLAG project. FLAG was a consortium of U.S. not-for-profit organizations that provided direct technical assistance, trade facilitation, and training to SMEs with the intent of improving productivity, boosting sales and increasing employment. ACDI/VOCA's work was focused on certain agricultural issues.

Activity Results:

Helped draft legislation and licensing procedures to turn stored grain into bankable property. The National Grain Service was established to inspect the licensed warehouses and confirm that they grade and store grain correctly.

Activity Impact:

Today, more than 47 warehouses are licensed to issue receipts for the more than 470,000 metric tons of grain that they store. The use of grain warehouse receipts as collateral for agricultural loans represents the introduction of a new financial instrument that enables agricultural producers to borrow, banks to invest, and governments to play a proper regulatory role.

CENTRAL ASIAN REPUBLICS

Development of Leasing Industry (2003-2005)

This project aims to create favorable legal and economic conditions for the development of leasing for small and medium-sized enterprises and for the attraction of local and foreign investors to the leasing sector in Kazakhstan.

Impact/Results:

- Amendments to the law on leasing (LOL) removed a number of administrative barriers (amendments were adopted on 12/02/03). For example, lessors are no longer required to register leased assets in a government registry of leased assets. This was viewed as an unnecessary burden on the lessor.
- The amended LOL protects against tax losses if the leased equipment is repossessed in the first 36 months of the lease; definition of a lease term now includes a clause that leases that are terminated early and the equipment is returned to the lessor are still considered leases; simpler non-court repossession rights for the lessor are stipulated.
- Amendments developed by the leasing project were made to the LOL, Civil Code, Tax Code, Customs Code and the Economic Litigation Code. New leasing legislation is in accordance with internationally accepted practices. Harmonization of leasing legislation in the region will make this sector more attractive for domestic and foreign investments. Among the most important amendments to the LOL is the introduction of the IAS definition of capital leasing, which will lead to increases in the volume of lease deals with shorter (medium-term – 3-5 year) maturities. Among the most egregious requirements corrected by the amendments was a condition in which the lease agreement term had to exceed 80% of the useful life of the lease. As there was no clear definition of useful life, tax depreciation norms were applied and superficially increased the useful life of leased assets and, therefore, de-facto forced lessors and lessees to longer lease terms, of up to 20 years. Definitions of subleasing and secondary leasing were introduced.
- As of January 1, 2004, VAT on imports is no longer levied on fixed assets included on an official government list and imported for transfer through leasing. The government list is currently being developed and should include all potential leased assets. VAT (on delivery) is also not levied on these fixed assets.
- As of January 1, 2004, lessees that make lease payments to non-residents of Kazakhstan are not levied withholding tax on the principal payment, just on the interest payment. This makes cross-border leasing much more attractive in Kazakhstan. As of January 1, 2004, lessees can fully deduct the interest portion of the lease from their taxable income.

Financial Sector Initiative (2000-2005)

The Financial Sector Initiative (FSI) aims at strengthening the financial sector of Kazakhstan by developing new financial instruments, developing the mortgage industry, establishing a credit bureau, developing the insurance sector, and expanding the private pension system. By strengthening Kazakhstan's financial sector, FSI helps create more credit and equity finance opportunities for businesses and builds a stronger middle class in Kazakhstan.

Impact/Results:

Among the most notable results of USAID assistance are: amendments to the Law on Securities and new unified National Securities Commission/Kazakhstan Stock Exchange regulations for bond registration; NSC minimum requirements for bond indentures and investment prospectuses; amendments to the Pledge Law and the Civil Code, as well as procedures for the registration of a "master pledge" (mortgage pool) allowing for the issuance of bonds secured by pledged assets; rules and regulations for retail mortgage lending (standards for mortgage underwriting, loan documentation rules, mortgage contracts); rules and regulations governing the use of grain warehouse receipts; amendments to the Law on Grain that eliminated confusion and made bank lending against grain warehouse receipts easier (specific issues addressed: repayment of loans made against receipts by means of proposed "special accounts" at grain elevators, the use of "bearer letters of credit" in repayment of loans secured by receipts, and free circulation of storage certificates of pledged receipts); regulation allowing purchase of mortgage-backed bonds by pension funds; amendments to the bankruptcy statutes of the Civil Code to allow for the exclusion from bankruptcy estate of mortgages in the mortgage pools, which secure mortgage backed securities. This made mortgage-backed securities a more attractive investment. With the assistance of USAID, a Credit Bureau Law was adopted in Kazakhstan. In addition, changes to the laws affected by the Credit Bureau Law (Law on Banking, Law on the National Bank, Law on Joint Stock Companies, Law on Administrative Procedures, Criminal Code, State Procedural Code, Law on Auto Vehicles, and Law on Real Estate) were made. The Credit Bureau will facilitate the provision of credit by and to all appropriate sectors of Kazakhstan's economy. The Bureau will furnish credit providers with access to the information required to assess the creditworthiness of prospective borrowers. With such information available, providers will be able to assess creditworthiness more efficiently, which in turn will increase SMEs' access to financial services.

Lariba Bank (2000)

This technical assistance focused on structuring the Lariba Bank's (one of Kazakhstan banks) mortgage-backed bond. Specifically, a model bond indenture was drafted, a draft USAID Guarantee Agreement was further developed, and risk assessment and subsidy cost analysis and calculations were initiated. The issuance of the bond allowed the Lariba Bank to secure long-term funding for additional mortgage lending at a lower interest rate. In addition, the bond expanded the range of longer-term investment products available for private pension funds and other long-term investors and set a model for subsequent longer term asset-based financing.

Impact/Results:

In the course of developing the bond, a number of new rules and procedures have been developed. Prominent among them are a) a procedure that allows for the registration of cash flow as collateral, b) the institutionalization of bond-holder representatives and their use in this and subsequent issues, c) a regulation of the Ministry of Justice allowing pension funds to buy mortgage-backed securities, and d) rules of the Kazakhstan Stock Exchange (KASE) defining a mortgage-backed security.

EL SALVADOR

Land Titling Program (1997-2004)

The Land Titling Program will sub-divide approximately 2,281 common or jointly held properties (pro-indiviso) with the participation and consent of individuals, thereby guaranteeing their individual property titles and contributing to the improvement of their lives.

Impact/Results:

Around 27,400 individuals have registered their individual property titles which can be used as collateral when accessing credit in the banking system.

The activity includes land titling to housing beneficiaries under the Earthquake Reconstruction Program.

Impact/Results:

27,000 titles were issued. Collateral is now available.

GEORGIA

Georgia Enterprise Growth Initiative (2003-2005)

GEGI supports the establishment of a wholesale lending facility to provide loan capital to microfinance institutions, a moveable and immovable property collateral registry and a credit information bureau to facilitate secured lending and make informed credit decisions. The development of new and the improvement of existing regulations that affect the provision of credit is an important effort. GEGI's legal team has drafted a number of laws and regulations, including the draft Law on Credit Information Bureau, Law on Secured Lending, Amendments to the Leasing Law, and relevant Amendments to the Civil Code, etc., and is supporting activities for the passage of these laws. Once the proper regulatory framework is in place, GEGI will engage in the actual implementation of these initiatives.

The Support Added Value Enterprises (SAVE) Phase I, Phase II (2002-2007)

The current leasing law, passed in 2002, is workable but weak. USAID has pioneered this effort in Georgia and continues its support to legal, tax, and regulatory reform assistance. These improvements will further improve leasing as a viable source of financing and increase access to long-term credit for SMEs and the agricultural sector. The Ministry of Agriculture, Ministry of Finance, and Ministry of Economy are all supportive of this effort and are working in cooperation with SAVE and GEGI teams to create an enabling regulatory environment for leasing activities in Georgia.

Land Market Development (2001-2005)

USAID is supporting the initial registration of ownership rights for agricultural and enterprise land parcels, as well as the registration of ownership changes arising out of secondary transactions (e.g., mortgages, re-sales). USAID assistance uses Georgian institutions and expertise to survey land parcels and provide information and assistance to local registrars in carrying out agricultural land and other real estate registrations. An important facet contributing to the institutionalization and sustainability of these state procedures is the reinforcement of an effective indigenous advocate organization, the Association for the Protection of Landowners' Rights (APLR).

The approach initiated by USAID assisted small farmers by making the process simple, inexpensive, and devoid of bureaucracy and unnecessary fees. As a result of USAID's efforts, more than 2,400,000 agricultural land parcels covering 850,000 hectares were surveyed, registered and titled and more than 600,000 households obtained legal titles to their land free of charge.

With USAID's assistance, a new law has been drafted to support the additional privatization of agricultural land remaining in state ownership, mostly leased land parcels that are typically large in size, highly fertile, and allow for economically viable farming activities. The draft law is expected to be introduced to the parliament in the near future.

The Association for the Protection of Landowners' Rights (APLR) played a significant role in drafting the Law on State Registry and ensuring close cooperation with the Ministry of Justice and other counterparts. As a result, the Law of Georgia on State Registry was approved by parliament in early June and is awaiting presidential signature. This law, with subsequent regulatory acts to be developed in cooperation with GEGI activity, sets rules that should reduce corruption by making property registration simple, fast, transparent, independent of local political influence, and accessible. It also introduces a new concept for Georgia: a moveable property registry, which will be used to register collateral, helping to pave the way for further development of the financial sector. Furthermore, the law establishes a National Public Registry Agency, a legal entity of public law, under the Ministry of Justice. This agency will assume the function of registering immovable property (until now under the State Department for Land Management), as well as the new function of the registering moveable property.

APLR, in cooperation with relevant government agencies, has recently developed and launched a Tbilisi immovable property registry website, which allows banks and all interested individuals verify the status of immovable property online free of charge.

Capital Markets Development (1997-2000)

Georgia, with the help of USAID, was engaged in a comprehensive effort to develop its capital markets. The efforts of the Capital Markets Development project resulted in the adoption of licensing regulations for share registrars. In addition, the process of consolidating of companies' registers was supported by setting up a Registrar Support Center, which provided registrars with software, manuals and technical support.

The development initiative began with creating a legal and regulatory framework designed to provide the market with the maximum flexibility to grow while at the same time strongly emphasizing full disclosure and investor protection.

With USAID assistance, the government passed a new securities law, thereby creating the foundation for a capital markets system. USAID provided technical assistance for the professionalization of an independent share registry, and carried out related extensive public education activities throughout Georgia.

The Georgian Stock Exchange, the first self-regulatory organization, was licensed as a stock exchange in January 2000. The Stock Exchange's rules recognized that the Exchange's responsibility would be to customers of members, stockholders in general and the national interest of public ownership of securities, rather than to the Exchange alone.

As a result of USAID's efforts, legislation on initial capital requirement, capital adequacy, books and records, reports and periodic financial statements and other regulations for brokerage companies, the Stock Exchange and the Securities Central Depository were adopted.

With the Law on the Securities Market, adopted in 1998, a new independent regulatory body, the National Securities Market Commission of Georgia, was established. The Commission has the power to adopt regulations, enforce provisions within defined parameters, and impose enumerated sanctions. Additionally, the law provided for an appropriate level of disclosure of information about public companies enabling investors to make informed investment decisions. Effective corporate governance was strengthened by imposing management duties on public companies and by regulating disclosure in proxy materials. The law ensured a high degree of confidence in the integrity of the maintenance and transfer of securities, set

professional standards for securities market participants, and imposed an expeditious and fair enforcement regime to protect investors from abuses that have occurred in other markets.

In 1999, the Law of Georgia on Entrepreneurs (enacted in 1994) was substantially amended. The amendments ensured effective corporate governance for enterprises and issuers, set forth proper procedures for registering and transferring shareholder ownership rights, strengthened the principles of separation of responsibilities between shareholders and corporations in limited liability-type companies, outlined the types of securities and rights, and ensured the protection of minority shareholders' rights.

MONGOLIA

Mortgage-backed securities (2003)

Short-term technical assistance advised on packaging individual housing loans into mortgage-backed securities, which will be available as a new investment alternative.

Impacts/Results:

The TA provided the necessary recommendations to GOM on the design of an appropriate mechanism for the securitization of mortgage loans into asset-backed securities.

PHILIPPINES

Economic Governance Technical Assistance (EGTA) Project

This project helped establish an over-the-counter bond exchange that provides an open and transparent secondary market for debt instruments called the Fixed Income Exchange. Officially known as the Philippine Dealing and Exchange Corporation (PDEC), the Fixed Income Exchange can potentially offer trading in products such as government debt instruments, corporate bonds, asset backed securities, and fixed income funds.

RUSSIA

Mobilizing Agricultural Credit (1998-2004)

Amendments to the law "On Mortgage" allowing the mortgage of agricultural land was adopted January 28, 2004 by the Federation Council (the upper chamber); yet to be signed by the President. Passage of these amendments will substantively increase access to finance for Russian farmers. These amendments are a consequence of earlier work by Rural Development Institute completed in 1997.

SERBIA

Real Estate Market Development in the Republic of Serbia (2002-2003)

This project will serve as the basis for the development of a mortgage market in Serbia by helping to establish clear, perfectible titles. Whereas USAID has worked actively to promote mortgage lending through the establishment of a mortgage bank, issues of land titles and land registration are also fundamental to USAID and other would-be mortgage originators.

UKRAINE

Ukraine Commercial Law Project (2003-2004)

Law on Mortgage-Backed Securities and Bonds

This initiative offers proposals to develop a system for mortgage-backed securities and bonds and the pooling of loans for secondary market transactions to provide liquidity to lenders to meet the demand for mortgage financing. Work is also proceeding on developing new financial instruments and model procedures and assisting the Association of Ukrainian Banks and the Ukrainian Mortgage Association to develop standards for the issuance of mortgage loans.

Financial Leasing Tax Provisions

To support the financial leasing law that passed in December 2003, work continues with the National Bank of Ukraine and the Ministry of Finance to develop a rational tax framework to encourage financial leasing, including provisions for accelerated depreciation and investment tax credits.

Law "On Forming and Circulation of Credit Histories"

The program initiated and continues to promote a legislative effort to pass a credit information and histories law that will be a private entity open to lenders who choose to participate and will include positive as well as negative information regarding a borrowers credit performance. The draft law was passed at the first parliamentary reading in May 2004 without a single negative vote.

WEST BANK / GAZA

Palestine Stock Exchange Regulations (current)

This project is developing a comprehensive set of rules for the Palestine Securities Exchange (disclosure, listing, membership, trading and arbitration).

Impact/Results:

Draft disclosure and listing requirements are completed. The exchange rules will provide best practice, transparency and investor protection and thereby encourage market activity.

Secured Transactions Law and Regulations (current)

This project is developing a legal framework and a registry for moveable assets.

Expected Results:

A draft Secured Transaction law is being considered and a movables registry coordination group is being established to facilitate a secure registry on liens on movable property in order to stimulate lending and capital formation.

IMPORT/EXPORT AND CUSTOMS PROCEDURES

ARMENIA

Tax, Fiscal and Customs Reform Project (2001-2004)

- Designed, developed, and deployed a Border Crossing and Exemption Control System (BCECS), which provided Customs the operational capacity to verify the use of travelers' import exemptions. (2002)
- Conducted and delivered to SCC a gap analysis of its IT systems. Developed and delivered to SCC an IT hardware and software strategy, and prepared a procurement plan and a tender for computer equipment to implement that strategy. (2002)
- Conducted a study tour in September 2002 for SCC IT staff to their counterparts in Latvian Customs, focusing on the employment of the Automated System for Customs Data (ASYCUDA).
- Began deployment of ASYCUDA v1.16f at the main airport customs house (Zvartnots Airport Customs House). Prepared functional and instructional manuals for use with the upgraded ASYCUDA system, and tested and confirmed the capacity of the upgraded version to print out declarations, assessment notices and accounting receipts. Completed the deployment of ASYCUDA v1.16f to the regional Customs Houses in April 2003, and finished the deployment to border Customs points in May 2003.
- Installed a Local Area Network (LAN) within the Customs Headquarters and upgraded the electrical system and computer networking in the training center at the Araratian Customs House. Installed a high-speed data communication link between Customs Headquarters and the Araratian Customs House.
- Developed the SCC website (<http://www.customs.am>) in Armenian, English and Russian. Conducted website management training seminars for SCC staff in June 2003 and September 2003 to facilitate the handing over of the SCC website to Committee IT staff.
- Developed and installed a training tracking software program at the Customs Training Center that will enable the Training Center to catalogue the training history and training needs of every employee of the Customs Committee. Conducted a Training Needs Analysis of the SCC and reported its recommendations in December 2002.
- Developed the Payments and Collections Reconciliation System that will provide near real-time tracking and reconciliation of cash collections, treasury payments data and ASYCUDA data. (2002)
- In July 2003 prepared and distributed to all SCC employees a handbook containing the Customs Service Law and all regulations and decrees made pursuant to the Law.
- Developed and distributed to the public explanatory brochures on Customs provisions for commercial importers and exporters, for travelers and non-commercial importers and exporters, and on the customs valuation provisions of the Customs Code, that were developed by the project and approved by the Customs Committee. (2003)

CENTRAL AMERICA REGION

SEGIR FASTrade - CAFTA Regional Customs Harmonization and Trade Facilitation (current)

This project harmonizes and simplifies border clearance procedures to facilitate trade through faster border processes and lower costs. In a later stage this project will bring Central American customs procedures in line with world standards.

EAST AFRICA REGION

One-stop Border Post between Kenya and Uganda (current)

The one stop border post concept entails the carrying out of joint customs controls by two countries at common border points as opposed to the common practice of each country carrying out its own Customs controls for both inbound and outbound cargo, even when the gazette entry/exit points are a few meters

apart. As the global focus towards facilitating the movement of goods and persons across borders gains momentum, the one stop border post concept is attracting increasing attention. With substantial growth in the volume of international cargo following the reduction of tariff barriers to trade through WTO, there has been a shift in focus to the identification of non-tariff barriers to trade, and customs procedures have been identified as major non-tariff barriers.

On their part, COMESA and the Transit Transport Coordination Authority of the Northern Corridor (TTCA) have committed to tackling transit problems that exist in many border posts in Eastern and Southern Africa. These include delays in the clearance of cargo due to inconsistent customs and regulatory requirements; inadequate facilities to service the clientele at these posts; lack of standard procedures; gaping security concerns both for cargo and people; and the use of different cargo valuation methods.

To address these problems, pairs of border posts will be identified for the development of one stop border posts starting with Malaba on the Kenya and Uganda border as a model.

Impact/Results:

The activity will benefit all corridor stakeholders by:

- a) Improving transit regulatory enforcement;
 - Improved co-operation and intelligence;
 - Reduced corruption;
 - Improved management of duty drawback;
 - Better resource utilization at the border posts.
- b) Increasing economic benefits both to the state as well as the business community.
 - Fast Clearance of Goods – As a result of carrying out joint controls, clearance of goods is faster than where each country carries out its own controls.
 - Increase in Revenue – Faster clearance of goods at the borders leads to a faster flow of trade and improves turnover, which results in increased revenue.
 - Reduction of Transport Costs – As observed above, the fast clearance of goods leads to a faster flow of trade and ultimately results in a reduction of transport costs, especially for commercial vehicles.
 - Reduction in Prices of Goods – A reduction of transport costs leads to a decrease in the prices of goods.
 - Improved Competitiveness – As Uganda is a land locked country, transportation costs of raw materials/inputs and export products from/to seaports constitute a large percentage of production costs and ultimately the selling price. A reduction of transport costs therefore increases the economic competitiveness of the country.

Regional Customs Bond Guarantee Scheme (2001-2005)

Under the current nationally executed bond system in Eastern and Southern Africa, when goods cross the customs territory of one or more states in the course of goods in transit by road, the Customs Authority in each state applies national controls and procedures. These vary from state to state, but frequently involve the inspection of the load at each national frontier and the imposition of national security requirements (guarantee, bond and deposit of duty, etc.) to cover the potential duty or taxes at risk while the goods are in transit through each territory. When applied in each country of transit, these measures cause considerable expense, delays and interference with the regional transport and trade. The COMESA Regional Customs Bond Guarantee (RCBG) scheme was introduced to address the difficulties experienced by importers, transport operators, freight forwarders and clearing agents and at the same time to offer Customs Administrations a secured regional system of control to replace the nationally executed practices and procedures, while effectively protecting the revenue of each state through which goods are transported.

The RCBG is a customs transit regime designed to facilitate the movement of goods under Customs seals in the COMESA region and to provide the required customs security and guarantee to the transit countries. In

2002, the Secretariat was able to conduct extensive consultation on the proposed modalities of implementation of the RCBG Scheme, which was developed by a regional working group composed of public and private sector representatives. RCBG stakeholder workshops were organised in Malawi, Kenya, Zimbabwe, Rwanda, Burundi and DRC. The Secretariat has refined the modalities of implementation of the scheme and produced draft technical and legal instruments for the implementation of the scheme. The next phase of the programme entails establishing institutional infrastructures, reviewing legal, technical and administrative documents, developing financial arrangements, establishing IT support and building capacity, raising awareness and promoting the Scheme. Following ratification by nine member states five have currently ratified the RCBG agreement), the RCBG Scheme will likely be piloted among the countries of the Northern Corridor: Kenya, Uganda, Rwanda, Burundi, and D.R. Congo.

GHANA

Import/Export Reform

- The removal of the A2 Currency Declaration Form
- Foreign Currency Earning deposits at the Central Bank for Exporters eased
- Duty drawback system for import duty rebates on imported input component of exports introduced and enhanced
- Removal of the need to submit FOREX earnings for deposit at the Central Bank
- The establishment of Foreign Currency Accounts

Impact/Results:

All of these contributed to making it easier to export non-traditional items, which saw a jump to over \$500 million by 1998 from a low level of less than a \$100 million in 1992.

Three stakeholder sessions were held on issues relating to the delay in clearing goods at the ports and solutions to the problems.

Impact/Results:

The recommendations have lead to improvements in the clearing of goods at the ports (e.g., the number of days to clear goods has been reduced from ten days in 2000 to three days. The Ghana Community Network Services (GCNET) has been introduced to replace the ASYCUDA system.

HAITI

Technical Assistance to the Customs Office (1998)

In June 1998, USAID provided technical assistance under the Policy and Administrative Reform (PAR) Program to strengthen the GOH Customs Agency's capacity and to modernize the imports processing/clearance system. The PAR program was initially negotiated in August 1991, and after a series of amendments, funding was increased in 1997. Improvements were made in the following areas under this program:

- Customs inspection and control;
- Strengthening of management and technical structures; and
- Computerization of import processing procedures at the Port-au-Prince port and airport facilities through the installation of the UN ASYCUDA (Automated System for Customs Data) computerized system.

JORDAN

Automating Customs Clearance and Transit Procedures (past five years)

USAID assisted the Customs Department in developing and implementing an IT strategy. Implementation involved two major automation programs: an import processing system at the Port of Aqaba and a national transit system. USAID provided the computers, servers and communications equipment to implement the ASYCUDA automated import processing system. The system allows importers to transmit declaration data electronically to Customs and enables automatic clearance decisions based on pre-programmed risk criteria.

Under a memorandum of understanding with the Customs Department, USAID studied existing transit infrastructure and procedures and then implemented the ASYCUDA transit control system at all 15 points of entry.

Impacts/Results:

- Clearance times at the port were reduced from a few days to one day, and 70 percent of customs declarations were completed within two to three hours on the same day of declaration to Customs.
- The total number of accepted declarations processed per officer increased from 317 in 2002 to 459 in 2003. This represents a 45% increase within one year within the Jordan Customs Department.

WTO Customs Valuation Implementation (past five years)

USAID assistance has been provided to the Jordanian Customs Department through legal advisors who assessed Jordan's Customs Code for conformity with WTO valuation principles and drafted necessary amendments to the Customs Law and required implementing regulations.

Training was provided to customs officers, importers, and brokers on both the legal principles and proper operation of the valuation agreement, as well as practical aspects of Customs control of valuation at the border and detection of valuation fraud. Customs has been also advised on technical development of a "valuation database" for use in customs fraud enforcement.

Impact/Results:

Customs officials now clear import entries based on the value of the transaction as stated by the importer or their broker. This has contributed to the decrease in clearance processing time.

Risk Management (current)

USAID has assisted National Customs to establish and strengthen the capacity of a Risk Management Directorate. It is focused on business outcomes and will commence by analyzing industry sectors to identify high and low risk importers. USAID is supporting the development of a "Compliance Audit Team Manual" modeled after the US Customs voluntary compliance programs. This manual will be used to measure the self regulation systems of Jordan companies. USAID has also supported the establishment of an Intelligence Unit within National Customs. In 2003, a USAID consultant trained thirteen analysts to analyze data for risk assessment. An information collection and recording system is currently being explored by USAID consultants and Customs.

Impact/Results:

The goal of the Risk Management Directorate is to reduce the number of physical examinations, currently thought to be around 65% of all import transactions. This is high when compared to the U.S. at 8% and Australia at around 5%. Companies successfully meeting the compliance audit will then be eligible for the highest priority for clearance, minimal or no physical examinations of their shipments, and special incentives.

Streamline Controls on Imported Food (past five years)

As a condition of WTO membership, Jordan agreed that it would “streamline the process of sampling, inspecting, and testing imported food” in order to be consistent with the SPS Agreement. USAID proposed that the Ministry of Health (MOH) eliminate its laboratory testing of 100 percent of food imports in favor of a risk-based system of control, whereby imports are selectively sampled based on the degree of threat presented. In addition to streamlining entry and reducing importer transaction costs, the system would allow the MOH to focus on those imports that present real risks, thus improving the safety of Jordan’s import food supply. The new system was established in the new Aqaba Special Economic Zone – covering 80% of all Jordan’s food imports. The system has been operating since September 2002 and the Ministry of Health is seeking to extend the system to other border crossings. USAID provided the following assistance:

- Training on food sampling techniques, laboratory analysis and risk assessment
- Sampling tools, laboratory and computer equipment
- Design of a database linked to ASYCUDA
- Operating procedures, risk categories and a memorandum of understanding with national ministries involved in food control

Impact/Results:

Low-risk consignments – about a third of all shipments – now clear inspection in as little as one day. The number of tests conducted has decreased by 80 percent, reducing testing costs by one third. Jordan now has an electronic national database for food imports, allowing authorities to constantly update and improve the risk analysis system.

MALAWI

The National Action Group (current)

As part of its micro-economic policy reform activities, USAID/Malawi provides technical and logistical support to the National Action Group (NAG), a high level forum for the discussion and resolution of issues that impact on the performance of the private sector in Malawi. The NAG brings together the three main stakeholder groups who are interested in developing the private sector: the Government of Malawi (GoM), donors, and the private sector. Rather than seeking to ensure that all disparate interests are directly represented, the NAG seeks to bring together the key decision-makers that can affect the private sector and the economy. It is important to note that the National Action Group is apolitical and seeks only to advance the development of the private sector in the interests of Malawi and especially of those Malawians that currently live in poverty.

Impact/Results:

Addressing forex constraints – As a result of the NAG’s efforts in highlighting the uneven application of the rules on cross rates when converting one hard currency to another to pay international suppliers, the Reserve Bank of Malawi (RBM) called a meeting to remind all forex dealers to discuss this issue and to identify ways of improving the countries foreign exchange policies. With encouragement provided by the NAG Forum, the Reserve Bank also withdrew the CD-1 Forms for tracking forex inflows from exports. Additionally, the RBM informed the banks who gradually informed businesses that they had to print a four page form two-sided on four different colors of paper which has caused a lot of practical problems to get paper, print correctly and has therefore held up exports. With NAG support, the RBM and private sector came together to discuss the best way to resolve this issue. Interim measures have been put in place to simplify the forms and ensure they are easy to do.

MALI

Simplification of livestock export formalities (1998-2003)

This activity created a one-stop window for export formalities and decentralization of the process. Measures are taken to ensure that forms are regularly available.

NICARAGUA

Streamlining Customs procedures for exports (2004)

The project is currently working with the Customs Administration to streamline customs procedures at the borders for exports.

NEPAL

Export via Kakarvita-Fulbari-Banglabandh route to Bangladesh

AEC's activities were geared towards exporting Nepalese agricultural products like apples, oranges, tomatoes, etc. AEC had conducted several studies like the export potential of Nepalese agricultural products to the Bangladesh market, a transit route study, etc. It arranged a meeting between traders of both countries for enhancing agriculture trade. It organized a meeting with two members of Parliament of Bangladesh for the expansion of Nepal's agricultural trade with Bangladesh-1998/99. It assisted Nepalese exporters in exporting Nepalese apples and oranges to Bangladesh via Kakarvita-Fulbari-Banglabandh route as a pilot program in 1997.

Impact/Results:

As a result of various efforts both from Nepal as well as from Bangladesh, the government of Bangladesh has recently established a Customs office at Banglabandh to smooth trade.

Quarantine-related issues with India

Previously there was only one Plant Quarantine Office in India along the border of Nepal and India and these created hurdles for the smooth flow of agriculture products from Nepal to India. AEC/FNCCI assisted the Ministry of Agriculture and Cooperatives in raising this issue with the Union Minister of Agriculture in India and in suggesting ways and means to correct the measures to streamline the agricultural trade.

Impact/Results:

Currently there are six Plant Quarantine Offices in India along the border of Nepal and India.

PHILIPPINES

Economic Governance Technical Assistance (EGTA) Project (current)

For technical assistance to implement openness, transparency, and anti-corruption measures in economic policy. On December 11, 2003, the Bureau of Customs Commissioner Antonio M. Bernardo launched the reengineered Super Green Lane (SGL) facility. It was established to replace an import-control facility that was being phased out and to enable the Philippines to conform to the country's membership requirements in the WTO.

Impact/Results:

The SGL allows importers to voluntarily choose a low-cost no-hassle customs entry into the Philippines as long as they have at least a one-year track record of trading through BOC and are willing to submit to post entry audits on a random basis.

The project strengthened the Bureau of Customs's trade facilitation, audit, and risk management capacity.

The following were the major outcomes of the program: 1) invoices replaced reference prices as the base for cuts; 2) a port-entry audit group in the Bureau of Customs was established; 3) a post-entry audit was conducted; and 4) large importers use the Super Green Lane customs facility, generating substantial economic benefits.

Philexport Microeconomic Reforms (current)

- For private business advocacy of policies increasing openness and transparency of the economy. The Automated Export Documentation System (AEDS)—Phase II of the project, which has been rolled out from 1 to 10 more economic zones, has reduced transaction costs by \$10 per transaction (2003 exchange rate).
- The review of the Export Procedures and Documentation (Presidential Decree No. 930) resulted in the amendment of the IRRs of PD 930, which further simplified and rationalized the export documentation and procedures. Furthermore, the review resulted in the preparation of the terms of reference or specifications of an Automated Export Clearance System with interface between and among key government agencies.
- A pilot effort on streamlining the liquidation process for customs-bonded manufacturing warehouses (CBWs) has created the partnering of exporter users of CBWs and third-party service providers for an automated import-export cycle for CBW users.
- Integrated the admissions of imports, exports and transshipment procedures of Subic Bay Metropolitan Authority (SBMA) under an automated environment.
- Diagnostic of procedures and documentation at Clark Special Economic Zone (CSEZ) to assist in the preparation of specifications and implementation of an automated system for CSEZ.
- The Automated Export Documentation System reduced the transaction costs by \$10 per transaction for semiconductors/electronics sector and eliminated the face-to-face interactions between the BOC and exporters.
- Produced the CD-ROM Customs Compendium which resulted in information dissemination on relevant memorandum orders and circulars of the BOC.
- Conducted a seminar on the new U.S. Food Bio-Terrorism Regulations to disseminate information on the latest US-FDA regulations to ensure compliance by RP food exporters.
- Conducted a study and forum on the shift to transactions valuation to ensure the knowledge of the effects of the smooth shift to the new valuation system.

SOUTHERN AFRICA REGION

Customs Procedures

- The RCSA has worked to simplify and harmonize customs procedures in the region. As a result of our work, a single customs document has been adopted by 9 countries. Another result in this sector is that commercial border post hours have been extended between Namibia/Botswana, South Africa/Botswana, and Zambia/Tanzania. Both results have the effect of easing the flow of goods within the region. This work is on-going.
- The RCSA provided training in risk management for customs officials in Botswana, South Africa, Mozambique, Namibia, and Zambia. The goal of the training is to reduce inspection times at borders. This training has concluded.

- The RCSA helped Mozambique adopt WTO valuation procedures and train personnel in these procedures. The business community has reported positive results of this effort (i.e. more consistency in customs valuation, fewer disputes, and a more streamlined process). This work is concluded.
- The RCSA is working to establish a regional customs bond guaranty chain, necessary when goods cross more than two countries in transit to their final destination. The RCSA is supporting work (i.e. analysis and recommendations to the region's governments and private sector stakeholders) to develop a system that is recognized in multiple countries. This work is on-going.

SENEGAL

Trade Point Senegal (current)

This project supports the training of all customs clearance actors in Orbus 2000, an electronic custom clearance process and funded the "mise en place" of network. The objective of the project is to reduce delays in the clearance process which were costly in terms of time and money.

Impact/Result:

Delays reduced from 15 days to 7 days, and then to 3 days. Currently, the final objective of 3 days has been achieved.

SRI LANKA

Import/export procedures for gems (current)

This activity assists private industry in preparing a case to improve customs procedures for the handling of gem imports and to ensure no delays in processing gem imports at airport. This is one of the policy reforms identified in the Ministry of Enterprise Development (MED) Task Force report and roadmap (developed with TCI assistance) and enacted after discussion and lobbying by the TCI assisted Gems and Jewelry Cluster through the MED Task Force.

Impact/Results:

Improved procedures were gazetted on August 2003 (AB/2G/Misc).

WEST BANK / GAZA

Installing a harmonized coding system for registration of trade activities at the Ministry of National Economy in Gaza (past five years)

Systematic analysis of Trade Registration practices at the Ministry of National Economy (MNE) in Gaza that led to the design and implementation of a computerized system for trade registration at the MNE.

Impact/Results:

A detailed assessment report on trade registration practices by the Ministry of National Economy with suggestions for solutions by using the HS coding system, installing a database for trade registration and training staff on its use, and applying automated application procedures for import and export licensing.

ZAMBIA

Import/Export Procedures

- Lobbying government not to remove the “REMOVAL IN BOND” facility that allows the business community to pay their import duties at their specific towns of location. Government continues to be lobbied to improve enforcement of this facility.
- Government is being lobbied to maintain the duty draw-back scheme.
- In the 2004 budget, the GRZ imposed a 17.5% VAT on the agricultural sector, thereby increasing production costs; the ZBF has provided a critique to government to indicate the negative impact of this measure on agricultural sector enterprises and the GRZ has agreed in principle to remove the measure in 2005.
- Support to the Zambian government in trade capacity building has resulted in the adoption of a single entry customs document system for goods from within the Southern African Development Community (SADC).

Impact/Results:

- Improved public/private dialogue concerning private sector operations
- Expected ease in customs processing
- Potential reduction of agricultural production costs

INTELLECTUAL PROPERTY RIGHTS (IPR) ENFORCEMENT

ALBANIA

Copyright Law

The Copyright Law was passed 14 years ago in Albania, yet it had not been enforced until USAID started its effort to promote the protection of intellectual property rights in 1999 through the Mission's IREX (media) activity. Foreign films used to be illegally broadcast on 50 television stations for the Albanian public 24 hours-a-day. USAID has fought broadcast piracy head-on and ensured that only licensed programming is allowed to be broadcast on the television. With USAID assistance, the National Council of Radio and Television (NCRT) was created to control the licensing of TV programming in Albania, and the Albanian parliament made amendments to the Copyright Law, which allowed NCRT to penalize those stations in non-compliance. USAID also helped create the Forum for the Protection of Producers and Screenwriters as a mechanism to protect the property of film makers and directors.

Impact/Results:

The Copyright Law is now being enforced. Those that break the law are identified and must pay for the use of a film or will be referred to the NCRT for the removal of their license. The Forum was officially recognized as a legally registered NGO on March 2004 for the control of copyright issues in film.

ARMENIA

Commercial Law and Regulatory Reform Project (current)

USAID is currently working closely with the GOAM to develop an enforcement action plan and IPR-related training programs. Armenia's legislation is TRIPS compliant, but application is not. Under the CLERP Project, a new USAID-financed team of experts is working with law enforcement agencies to strengthen enforcement, with courts and judges to educate them about TRIPS and the new IPR legislation, and with the State Customs Committee to help them with IPR regulations at the borders.

Armenia's government is aware that Armenia has IPR concerns of its own. One of Armenia major producers and exporters, Yerevan Brandy Company, is taking strident measures to guard against the counterfeiting of its label by foreign brandy imposters. Armenia's growing industry in software and computer design development also depends on the assiduous protection of intellectual property rights. Deputy Minister of Trade Tigran Datvian, who is charged with meeting Armenia's WTO commitments, states that the Government of Armenia is committed to pursuing steady progress towards "credible protection of IPR." He adds that, in his opinion, change must be steady and comprehensive.

The shift in U.S. assistance from helping Armenia pass TRIPS compliant legislation in the run-up to WTO accession to enforcement of that legislation promises steady gains in combating piracy in the future. The government is working successfully with the USAID-financed program to improve IPR enforcement.

BOLIVIA

Bolivian Trade and Business Competitiveness (BTBC) Project (current)

National Intellectual Property Service (SENAPI) Institutional Reform – Working closely with the Ministry of Economic Development and SENAPI, BTBC has designed the administrative and operational reorganization of SENAPI, as well as the design of an institutionalization process of all posts, in the framework of Law 2027 "Public Employee Statute." The reform will position SENAPI to effectively grant and enforce patents,

trademarks, and copyrights in accordance with Bolivia's international commitments and remain eligible for trade preferences such as the Andean Trade Preferences and Drug Eradication Act (ATPDEA.)

CENTRAL AMERICA REGION

Intellectual property rights enforcement (current)

PROALCA supports improvements in monitoring and enforcing intellectual property rights protections through public education, assistance in updating the appropriate national IPR legislation and regional IPR conventions, specialized training for IPR registrars, judges, police, customs agents, public prosecutors and ministry IPR unit staff.

CENTRAL ASIAN REPUBLICS

Trade Facilitation and Investment Project (2001-2006)

TFI provides technical assistance to Kazakhstan's Customs officials to bring IPR enforcement into compliance with the requirements of WTO's TRIPS Agreement and international IPR conventions. In Tajikistan, TFI assisted the Government in preparing a Legislative Action Plan to bring national IPR laws and regulations into compliance with WTO requirements.

Trade and Investment Project (2000-2001)

Activity is being undertaken in Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan, with emphasis on providing assistance to customs agencies in bringing customs-related laws, regulations, practices and procedures into line with international standards, and on providing WTO accession and post-accession assistance.

TIP assisted Kazakhstan in implementing all necessary measures to improve its legal regime and make it compliant with WTO requirements including the TRIPS agreement. The new Patent Law and laws "On Trademarks, Service Marks and Appellations of Place of Origin of Goods", and "On Protection of Selective Achievements" are in compliance with WTO requirements. TIP also assisted in development of the Civil Code and Criminal Code sections on intellectual property to ensure better enforcement of intellectual property.

In Kyrgyzstan, the project assisted in developing all new intellectual property laws including the Law on Copyrights and Neighboring Rights, the Law on Patents, the Law on Trademarks and Appellations of Origin, the Law on Commercial Secrets, the Law on Software and Databases, the Law on Integrated Circuits, and the Law on Selective Achievements. TIP also assisted in the development of the Civil Code and Criminal Code sections on intellectual property to ensure better enforcement of intellectual property.

In Uzbekistan, new laws and regulations and amendments to existing laws and regulations on IP were drafted to bring the legislation in compliance with WTO agreements, including amendments or draft new laws: "On Copyright and Neighboring Rights", "On Trademarks", "On Inventions, Utility Models and Industrial Designs", "On Legal Protection of Topology", "On Unfair Competition", "On Selection Achievements," "On Trade Secrets", "On Advertising", "On Computer Software and Databases", and Civil and Criminal Codes (intellectual property provisions).

In Turkmenistan, much of the project's IP assistance was centered on training and education. The project delivered detailed comments on the draft Trademark Law.

ECUADOR

Dialogue and Implementation Program (1990-1994)

Under Phase I (FY 1990-1994) the program successfully helped Ecuadorians to formulate and have informed discussions on historic economic reforms needed for Ecuador, including major stabilization and structural reforms. Structural reforms included legislation in areas such as tariff reform, capital markets development, foreign investment, facilitation of exports, etc.

Impact/Results:

The project was successful in supporting legislation related to intellectual property rights (IPR). Seminars and interviews were conducted with government officials and private sector leaders, universities and other interested parties. This contributed to a greater understanding and concern in favor of establishing a world-class IPR regime to protect Ecuadorian creativity and ingenuity. This produced IPR legislation approved by Congress in May 1998, and considered the best in the region.

JORDAN

Trade Name Legislative Amendments (Current)

This initiative is being undertaken pursuant to the 2002 Investor Roadmap of Jordan. One aspect of business operations that was identified in the 2002 Investor Roadmap of Jordan as a priority for reform was trade name registration. USAID is currently providing extensive legal support to the Government of Jordan to address the following deficiencies of the outdated Trade Name Registration Law for 1953.

- Lack of specific grounds on which the Company Registrar accepts or rejects trade names
- Unclear procedures to dispute decisions of the Company Registrar
- Requirement that trade name applicants appear personally in court to attest to the information in their application
- All trade names registered in the past are considered valid, regardless of their use
- Unclear relationship between trade names and trademarks

A new law was drafted and passed, incorporating the following improvements:

- The Company Registrar was given the right to refuse trade name registration only in specific cases (e.g., when a trade name is similar to an existing trademark, a trade name similar or identical to an existing trade name)
- Registration may be made directly by the Company Registrar, without a requirement to appear in court
- The Company Registrar may cancel trade names that are determined to be not in use

Impact/Results:

Although this initiative is ongoing, the following results have been obtained to date:

- Passed Trade Name Law of 2003
- Developed and drafted Regulation for Trade Names Pursuant to Trade Name Law of 2003

Intellectual Property Rights Enforcement (past five years)

USAID's technical assistance for intellectual property rights enforcement was dominated by WTO accession and implementation requirements. Through the accession master plan, USAID identified those IP-related laws and regulations requiring an amendment for conformity with the WTO Trade Related Aspects of Intellectual Property Rights (TRIPs) agreement. USAID-funded foreign Intellectual Property Rights experts worked with local lawyers to draft and support the approval process for the following IP laws and regulations: Amendments to the Law on Trademarks; Law on Patents; Amendments to the Law on Copyrights; Law on Trade Secrets and Unfair Competition; Law on Plant Variety Protection; Law on Industrial Designs; Law on Integrated Circuits; Law on Geographical Indications; Regulation on Protection of New Plant Varieties;

Regulation on Patents; Regulation on Trademarks; Regulation on Industrial Designs; Instructions on Border Enforcement of Intellectual Property Rights.

USAID supplied networked computers to the Industrial Property Protection Department (IPPD) of the Ministry of Industry and Trade to run World Intellectual Property Organization (WIPO) software, as well as to the National Library, which is responsible for copyright enforcement. USAID provided training on legal principles and assisted the staff of the IPPD and National Library in streamlining their business processes and implementing a quality management system. USAID also assisted the Ministry of Agriculture in establishing a Plant Variety Protection Office, provided standard operating procedures and trained staff.

USAID has provided training to police, customs, judges, lawyers, artists and business associations on copyright protection. USAID produced guides in Arabic and English on Patents and Industrial Design.

Impact/Results:

- Jordan has enacted all of the above legislation.
- Jordan joined the Berne Convention for the Protection of Literary and Artistic Works in July 1999.
- Jordan was removed from the US Special Section 301 Trade Act 1974 Watch List by the USTR in December 1999.
- Jordan joined the WIPO Copyright Treaty, which entered into force on April 27, 2004.
- Jordan joined the WIPO Performances and Phonograms Treaty, which entered into force on May 24, 2004.
- The Union of Plant Varieties Protection has approved Jordan's legislation in preparation for accession to UPOV.
- Copyright infringement prosecutions have increased from 6 in 2000 to 383 in 2003.

Border Enforcement of Intellectual Property Rights (past five years)

The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) requires members to adopt procedures for Customs detention of infringing imported goods at the border. The same steps that applied to the valuation agreement were followed, legal and drafting advice to support Jordan's transition to the Customs Code in April 2000, as well as detailed regulations, published by the Customs Department in October 2000, to implement a TRIPs-consistent border enforcement procedure for detention of infringing or pirated goods were provided. Customs officers received training in general principles of trademark and copyright law. Most importantly, representatives of Jordanian and international businesses were involved in training Customs officers on practical ways to distinguish genuine from pirated goods.

Impact/Results:

Customs has in place a detection system at the border and officers regularly seize material infringing copyright. For example, in April of 2001, Customs seized 10,000 copied computer programs in an air shipment from South-East Asia.

MONGOLIA

Revision of trademark and geographical indications law (2002)

Short term consultancy on the revision of the trademark and geographical indications law

Impact/Results:

Law of Mongolia on Trademarks and geographical indications was passed by the Parliament.

NIGERIA

Commercial Law Development Program (2000-2002)

Through an Interagency Agreement with the U.S. Department of Commerce, assistance was provided to foster legislative and regulatory reform on intellectual property rights, public procurement, government ethics and transparency.

The overall objective was to improve the quality of laws affecting patents, trademarks, and copyrights, increasing awareness of such laws, and encouraging the settlement of IPR disputes through the court system and through alternative dispute resolution. Specific legislative and regulatory reform consultation was planned, including:

- A knowledge and skills development workshop for local regulators, judges, lawyers, and right holders.
- A ten-member delegation comprised of representatives of right holders, the judiciary, and regulators undertook a mission to Washington to meet with regulators, policy makers, judges, law enforcement officials, trade associations, private attorneys and individual right holders. The objective was to acquaint them with U.S. practices and institutions.
- A public education program and conference involving the Nigeria Copyright Commission, the Nigeria Association of Recording Industries, the Intellectual Property Law Association of Nigeria (IPLAN), the Federal Ministry of Commerce Patent and Trademarks Office, trade associations such as the Nigeria/American Chamber of Commerce, and right holders.

Impact/Results:

The program succeeded in engendering significant positive changes in the area of intellectual property rights (IPR). As a result of the programs, Nigeria now has draft legislation on trademarks, patents and designs that is compliant with the World Trade Organization (WTO) Agreement on the Trade Related Aspects of Intellectual Property (TRIPS). The program has served as a catalyst for the reform of the administration of intellectual property in Nigeria and improved the implementation, enforcement and adjudication of intellectual property issues through the training of IP officials, lawyers and judges.

PHILIPPINES

Economic Governance Technical Assistance (EGTA) Project (current)

Established a WTO-compliant legal regulatory regime to protect the intellectual property rights of plant breeders and innovative farmers. USAID assistance to the GRP helped: (a) get a Plant Variety Protection (PVP) Act passed and signed in June 2002; (b) issue approved implementation rules and regulations by December 2002; (c) develop the database for plant varieties by May 2003; (d) train staff members to operate and maintain the database between May and December 2003; (e) create the PVP Fund to recover operating costs by November 2003; (f) issue test guidelines to screen applications by November 2003; and (g) finally, to issue the Office Manual on PVP policies and procedures in January 2004.

Impact/Results:

Passage of the Optical Media Act of 2003 which removes a major constraint to development of the software and IT services industry in the Philippines. It regulates optical media production and establishes an Optical Media Board with broader and beefed-up regulatory powers and capabilities. The new law aims to stem the growing piracy of movies, music, computer games and software. It will provide the GRP with an important tool to fight optical disc piracy in the Philippines.

SRI LANKA

Intellectual Property Rights Law (current)

Intellectual Property Rights law includes the protection of geographical indication (mainly impacting tea, gems, spices and ceramics). The effort to include this level of protection for origin was assisted through TCI efforts to help private industry and government.

Impact/Results:

A new IPR law was passed in July of 2003. There has been increased investment in IPR protection measures by private firms and increased attention to and appreciation of IPR in corporate level strategy and public media.

Technology Initiative for the Private Sector (past five years)

Technology Initiative for the Private Sector (TIPS) project provided assistance in drafting the IP law by providing an IESC volunteer, and in starting an IP course at the Sri Lanka Law College. Two professors from George Washington University were brought in and books and materials were provided. The IP law was passed in the parliament. Six seminars were held around the theme “How IP can assist you in your business”; all were well attended. The IP course at the Law College was a great success. 38 participants took this course and continued thereafter. The Law College established a long-lasting relationship with the Asia Pacific Law Institute.

TIPS also funded two studies requested by The National Intellectual Property Office (NIPO): automation of the Patent Division and automation of the Industrial Designs Division. NIPO also requested TIPS to underwrite the actual automation of the two divisions.

Impact/Results

Sri Lanka is now in a position to document all intellectual property in the country. Violations of copyrights and patents will be very easy to pinpoint.

ZAMBIA

Intellectual Property Rights

Through USAID's Trade Advisory capacity to the Ministry of Trade, the country has followed all developments pertaining to the TRIPS agreement within the WTO framework over critical drugs for malaria and HIV/AIDS and the country is now being assisted to domesticate the WTO agreement on IPR. Further, USAID has committed itself to providing support to enable Zambia meet its IPR compliant date of January 1, 2006.

Impact/Results:

Expected enhanced recognition of the value of intellectual property to business and economic advancement.

SECTOR-SPECIFIC REGULATIONS AFFECTING PRIVATE INVESTORS

ARMENIA

Armenia National Sustainable Water Resources Management (2000-2004)

- In 2001-2002, the project provided advice and assistance to the GOAM in developing and adopting the new model Water Code. The Water Code addresses water resource allocation, water use permits, water system licensing, water use rights, water fee strategy and other related issues.
- In 2002, it organized the Strategic Environmental Assessment of the draft Water Code with several public hearings.
- In 2003, it funded the publication and distribution of 500 copies of the English and the Armenian versions of the Water Code with amendments.
- In 2003, it supported the adoption of the Regulation Governing Water Permitting Form.
- In 2003, in broad consultations with the public, it prepared the Water Use Permitting Guidance, one of the most important regulatory mechanisms of the Water Code. Water Use Permitting Guidance was designed to govern water withdrawals from surface and ground water as well as wastewater discharge. Successful implementation of the Water Code heavily depends on how well the water use permitting system functions. The developed Water Use Permitting Guidance is going to be a reference point both for the permit applicants and Water Resources Management and Protection Agency (WRMPA) in assessing and approving water use permit applications.
- In 2003, the project supported the development of the order that designates the WRMPA as the permitting authority for ground and surface water use.
- In 2003-2004, it drafted the country's first National Water Policy through an intensive interagency consultative process.
- In 2004, it started to outline a long-term National Water Program.
- In 2003-2004, it provided support in drafting a Water Resources Fee Strategy, a key component of the National Water Program.
- In 2001-2004, it supported the start-up of the Water Resources Management Agency of Armenia.
- In 2003-2004, it introduced a networked computer system and database, and implementing a modern State Water Cadastre.
- In 2001-2004, it implemented professional training programs in water resources management for local counterparts to enable sustained provision of water services.
- In 2003, the project assisted in the development and adoption of the decision on approving the List of Water Basin Management Authorities of WRMPA MNP.
- In 2001, it developed a strategy to manage the surface water quality and quantity for the nationally significant Sevan/Hrazdan River basin.

Impact/Results

The Water Code, which mentions regulations as well as Water Policy, Fee Strategy and Water Program, will promote the establishment of an appropriate water resources management mechanism and will support the safe and smooth operation of water supply and wastewater systems and the provision of normal conditions of their use and maintenance.

The Water Code reflects a modern, coherent system for regulating sustainable water management, protection and use. The Code separates management and protection from use and regulating public service uses. The Code establishes the provisions of water utilities, introducing cost recovery tariffs and the basis for the improvement of financial and management systems.

In particular, the Water Code and subsequent legislation and regulations, created the regulatory basis for water resource allocation, water use permits, water system licensing (including application and conditions). It

also provided the regulatory basis for the transfer and contracting of water use rights and water system licenses, the terms for the termination of water system licenses, rules for the establishment of water users companies in irrigation sector, the system of payments in water relations and the resolution of disputes.

Implementation of the Water Code and supporting legislation and regulations, as well as the adoption of the Water Policy and Water Program in parallel with further development of regulations mentioned in the transition provisions of the Water Code, would allow Armenia to attract the significant investments needed for sector rehabilitation.

INDIA

India Private Power Initiative (1993)

In early 1993, USAID/I launched the India Private Power Initiative (IPPI), a \$3 million program aimed at strengthening the regulatory, policy and institutional capacity at the center and key reforming states to foster private sector participation and investments in the Indian power sector. IPPI directly supported the establishment of the Investment Promotional Cell at the Government of India's Ministry of Power which was responsible for the approval and clearances of the initial spate of independent private power projects totaling approximately 4500 MW in the country. As a follow-on to IPPI, \$2 million funding support to Private Power Development under the Mission's Energy Management Consultation and Training (EMCAT) project was implemented through a contract to a US contractor in 1995.

JAMAICA

E-Commerce Legislation (2000-2004)

Under the USAID supported US\$8 million four-year contract with CARANA Corporation, known as the New Economy Project (NEP), USAID assisted in preparing comprehensive drafting instructions for use in completing the e-commerce legislation. The project provided assistance to the Ministry of Commerce, Science and Technology to develop recommendations for drafting instructions for the new Electronic Business Legislation for Jamaica, and to identify modifications to current regulations and legislation that are required to facilitate e-business.

Impact/Results:

The draft legislation, prepared by the Chief Parliamentary Counsel, is being reviewed by the Ministry of Commerce prior to submission of the draft bill to Parliament.

Liberalization of International Telecommunication Services (2000-2004)

USAID, under the NEP, funded legal advice to the Office of Utilities Regulation (OUR) to support continued liberalization of Jamaica's international telecommunications services to reduce the cost of conventional (56K) and high speed (ADSL, T1 lines etc.) transmission of data and voice-over-IP, in order to make them more affordable and internationally competitive.

Impact/Results:

The project is expected to result in legislation and commercial liberalization that would facilitate access to the IT "external pipe" by other wholesalers, and more competitively priced Internet and data transmission services for users.

KENYA

Kenya Market Development Program (1990-1996)

The Kenya Market Development Program (KMDP) was designed to promote the liberalization of the Kenyan cereal sector including marketing and transportation of cereals, within and outside Kenya, which were under full control of the Kenyan Government. The program activities included assistance to Ministry of Agriculture to promote private sector marketing of cereals through marketing information gathering and dissemination, and the rehabilitation of market roads to reduce the transportation costs of agricultural produce and of agricultural inputs (fertilizers). Conditions were attached to the KMDP requiring the Kenyan Government to liberalize the marketing of cereals, which was then restricted to only the National and Cereals Produce Board (the Government cereals marketing body) and the transportation of cereals from one region of the country to another.

Impact/Results:

The marketing of cereals was liberalized as a result of the KMDP intervention. The monopoly of the National Cereals Produce and Marketing Board was lifted and the private sector was allowed to participate in cereals marketing. Restrictions on transporting cereals from one location to another within the country were lifted. Prior to the KMDP, moving even one bag of maize and any other cereal from one location to another required a permit from the District Commissioner where the grain was originating. A Market Information System was established at the Ministry of Agriculture whereby cereals and other agriculture produce prices at the major markets across the country are announced daily in the electronic and print media. 500km of market roads were improved resulting in a benefit-cost ratio of 2:1.

Support to Seed Trade Association of Kenya (STAK) (1999-2001; 2002-2005)

USAID support to STAK has included establishing and strengthening a secretariat and to developing a strong seed sector in Kenya and in the Eastern and Central Africa region under a liberalized seed environment.

Impact/Results:

With USAID assistance, STAK has become a recognized institution for the development of the seed sector in Kenya and the East Africa Region. In Kenya, STAK has been working collaboratively with the Ministry of Agriculture, Kenya Plant Health Inspectorate (KEPHIS), Kenya Agriculture Research Institute (KARI) and other stakeholders to reform seed sector policies. STAK networking outside Kenya include acting as the secretariat for the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA)'s Seed Regional Working Group and being a member of International Seed Federation (ISF) and the Africa Seed Trade Association (AFSTA). STAK has promoted and lobbied for the following seed policy issues: a) Intellectual Property Rights; b) Variety Release, Evaluation and Registration Issues; c) Seed Certification Issues; d) Phytosanitary Issues; and e) National Biosafety Committee. One of the most important results of STAK's work in the region was changing seed trade policy among countries in the region to decrease the number of quarantinable diseases from 33 to 3. This means that there are only 3 diseases for which seeds must be quarantined. This has resulted in more efficient, timely and increased volumes of seed traded across borders of these countries. STAK is also lobbying for viable seed accreditation procedures so that more private sector seed companies can be licensed and competition in this sector can be increased; improve Disputes Tribunal system to decrease opportunities for rent seeking; and rationalizing certification procedures to encourage investment in the seed sector.

Agribusiness Development Support Project (1999-2003)

The purpose of this activity is to increase the participation of the private sector in agricultural markets.

Impact/Results:

- Facilitated the establishment of an appropriate seed sector regulation framework to decrease the barriers for private sector seed companies to operate profitably in Kenya.

- Transferred seed multiplication efforts from the government to the private sector, including farmer-based organizations. Three CB-based enterprises were eventually licensed to sell certified seed after the USAID project strengthened these organizations and demonstrated to government regulators that they met government standards. As a result of farmers having increased access to affordable and high quality certified seeds, their yields increased by 89% in project areas.
- Released germplasm to private sector seed companies. Previously Kenya's private sector seed companies had no access to hybrid parent breeder lines developed by the public sector research institutions. After USAID intervention, planting materials, even those developed by the government, are available to anyone at a cost.
- Shifted responsibilities to the private sector seed companies. Before planting material can be sold in Kenya, it must be certified by the government regulatory authority (KEPHIS). Currently private sector companies are allowed to undertake variety evaluations themselves and have KEPHIS confirm and validate the results of the data from these trials. National performance trials (NPT) regulations have recently been changed so that testing of potential seed lines only needs to be run for one season instead of three seasons. The bureaucratic process involved in variety release has been streamlined. Under the old system, all new planting materials would need to be approved by three committees before being released. Under the new regulations, only two committees need to approve applications. As a result, in 2002 11 varieties from 4 companies were released but in 2003 the number increased to 22.

MONGOLIA

Transportation Availability Issues (2001)

TCI carried out a transportation availability study on land, air, and rail freight as their availability affects the tourism, meat and cashmere sectors.

Impact/Results:

This study helped identify some bottlenecks. TCI lobbied for improvements in transport availability for the tourism industry, including improvements to flight schedules and reservation systems. There have been improvements in the scheduling of domestic flights. In the meat sector, the project lobbied to obtain transit permission for Mongolian meat products to pass through Chinese territory. In the cashmere sector, the study helped define the true costs of transporting cashmere from growers to producers.

NEPAL

Hydropower Development (1998-2003)

- Reviewed the hydropower policy of 1992 and held discussions with private sector stakeholders and the GON on ways of improving the investment policy. Reviewed and strengthened the legal and regulatory framework.
- Reviewed the "one-window" system in the licensing process and streamlined the approval process. Developed options for strengthening the Electricity Tariff Fixation Commission (ETFC) to address the issue of conflict of interest between the GON utility and the private sector power producers.
- Assisted in drafting a new hydropower policy, which will also address the issue of exporting power, which was missing in the policy of 1992.

PHILIPPINES

Economic Governance Technical Assistance (EGTA) Project

The National Telecommunications Commission provided telephone services to the countryside through the deployment of telecommunications facilities. On July 17, 2002, the NTC issued a Memorandum Circular (MC) 08-07-2002 on the Deployment of Public Calling Offices (PCOs) and Telecenters. The MC allows greater market competition. Previously, only local telecommunications carriers were allowed to establish PCOs. Under the new rules, any business enterprise interested in the installation, establishment and operation of PCOs and telecenters is allowed.

NTC created a business environment that promotes investment for permanent Certificates of Public Convenience and Necessity (CPCN). On July 23, 2002, the NTC formally granted permanent licenses to several telephone companies. Prior to the issuance, these carriers operated using provisional authorities that were renewed every 18 months, and recently, every three years. This provides a clearer and less risky regulatory environment for foreign investors in the telecommunications sector.

The NTC provided more choices at a lower cost to consumers of telecommunications services. On Sept. 17, 2001, the NTC issued Memorandum Circular (MC) 6-9-2001 which:

- Gives phone users more freedom in accessing local telephone services by offering a wide variety of servicing and pricing schemes. The MC also created new markets within the telephone industry. With the customers having the choice of whether or not they will ask their telephone firm to supply and install the telephone equipment, new suppliers of these equipment and installation services are expected to enter the market, resulting in lower prices and better services for consumers.
- Provides for price ceilings being imposed on local telephone services since it was determined that no full competition exists in the industry. These ceilings will be adjusted constantly downward to encourage more cost efficiency and higher productivity among telephone firms. The downward adjustments will ensure that customers share in the benefits of higher productivity.
- Issued Executive Order 219 on the Rules for Air Transport Liberalization.
- On September 2001, the Civil Aeronautics Board issued rules that provide for the automatic approval of rates, charges and fares on domestic routes operated by two or more air carriers. Prices of air services ceased to be regulated and henceforth will be based on market demand. This allows carriers to offer promotions and discounts for lower prices to the benefit of consumers.
- For international destinations, the IRRs allow for multiple official air carriers of the Philippines.
- Concerning charter flights, the CAB has been directed to place the least number of restrictions on their operation and marketing which should increase competition in the charter flights industry.

Growth with Equity in Mindanao (GEM)

- Waived the Php 1600 travel tax with the economic region to which Mindanao is linked (Malaysia, Indonesia, Brunei) to increase trade, tourism and investment in Mindanao. This reduced the cost of doing business in the region and fostered more “matching” of buyers and sellers.
- Enabled the Caraga Federation of Tree Farmers and Developers, Inc., through the Alternative Documentation System issued by the Department of Environment and Natural Resources for timber grown on private lands to “self-regulate” the harvesting and transport of timber grown on private lands. As a result of this effort, tree farmers were able to reduce their cost of doing business.
- Halted the planned increase in wharfage and usage fees proposed by the Philippines Port Authority. This regulatory relief effort stabilized the cost of doing business.

UKRAINE

Regulatory Reform Project in Ukraine (1999-2002)

A package of decisions on regulations of public transportation and the placement of outdoor advertisement constructions were developed and disseminated in the regions. Certain efforts directed at sector-specific activities (e.g. tourism and public transportation) were undertaken.

Impact/Results:

As a result of the efforts in the area of public transportation, mandatory certification of public transportation services that duplicated licensing and road police vehicle inspection was eliminated. As a result of the efforts in the area of tourism, the mandatory registration of foreigners arriving in Ukraine was streamlined by transferring registration functions from local police to frontier guards at the port of entry.

WEST BANK/GAZA

Supporting the Union of Palestinian Pharmaceutical Manufacturers to amend a draft public tendering law to include best practices in drug registration and manufacturing (past five years)

The Mission has assisted in developing a policy paper reviewing the draft Public Health Law with new recommendations for best practices in drug registration and the adoption of international standards for Good Manufacturing Practices (GMP). Accordingly, the project provided training to private sector staff as GMP auditors and conducted firm-level GMP audits.

Impact/Results:

An agreement was reached by the Union of Palestinian Pharmaceutical Manufacturers and Palestine Standards Institute to implement the GMP standards for Palestinian Pharmaceutical products. In addition, Public Health Law amendments regarding drug registration and GMP were accepted by the Palestinian Legislative Council and the law has passed a second reading.

LOCAL/REGIONAL AND NATIONAL TAX REGIMES

AFGHANISTAN

Tax Administration (current)

A taxpayer identification number (TIN) is ready for implementation; the design for the taxation of rental income⁽⁶⁾ has been prepared and approved by the MOF; a pilot project began collecting data on real estate values and rental income to support both municipal property tax and rental income tax compliance; this will now move to the implementation phase with the creation of a large taxpayer unit (LTU); a LTU pilot team has been formed which is gathering information on large taxpayers from the Kabul mustoufiat.

ARMENIA

State Tax Service (2001-2004)

- Tax administration activities included assistance to improve the State Tax Service's structural organization and automation; training STS staff to improve their ability to administer tax legislation fairly, efficiently, and professionally; the development of educational materials explaining tax legislation; and the development of manuals on tax procedures, among other activities.
- Developed, implemented, and conducted training on the Operative Control Information System. This system provides taxpayer registration and ledger information to STS's Operative Control Department to facilitate the Department's investigation of tax evasion.
- Developed and implemented at Regional Tax Inspectorates (RTI) subsystems covering alcoholic beverages, goods production, cash registers, and land and property tax for legal persons.
- In 2002, the project conducted a systems reassessment of automation efforts completed by USAID in 1998-2001. The assessment included surveys, interviews, site visits, and data analysis, to determine effectiveness.
- In 2002, it prepared a complete, updated user's manual for Armenian Tax Information Service (ATIS). Each Regional Tax Inspectorate runs an independent system for the taxpayers in its region.
- As part of Annual IT Work Plan, computerized eight tax offices in September 2003 and organized supporting IT training.
- Managed and developed the STS Website www.taxservice.am. Provided IT training to facilitate handing over management of the website in 2004.
- In June 2003, it supported STS participation in OECD tax administration training programs on International Tax Treaties and Property Tax.
- Developed brochures on simplified taxation and on audit (Guide to Armenian Taxes, Payments, Duties and Contributions), which provide descriptions of all major taxes (with payment and filing due dates) along with explanations of tax procedures, including the appeals process.
- Project advisors conducted a preliminary review of the manuals for tax officials and obtained, or developed, generic examples of such manuals for use by STS officials.
- In March 2003, the project organized a study tour to Hungary and Estonia to provide exposure to the administrative appeals processes in more advanced transition economies. It launched discussions on the reform of the Armenian process.
- In August 2003, it completed an overview of compensation and civil service reform for STS. It evaluated the compensation plan for the STS.
- Conducted an analysis of international practices on the effective date and notification provisions of tax law changes, focusing on transition nations for the Chair of the National Assembly Tax Committee.

⁶ Note: the implementation of all these fundamental reforms is conditional on the signing of a presidential decree;

BOSNIA-HERZEGOVINA

Tax Administration and Modernization Project (2001-2006)

This project aims to automate and streamline tax administration, develop and implement a functional organization, implement a single tax identification number system, build counterpart capacity for setting tax policy, and support the implementation of streamlined direct taxes.

Impact/Results:

- Taxpayers registered and database of taxpayers established
- Central tax processing centers established and operational
- Communication between home offices and field offices automated
- Tax revenues increased by 13%

CENTRAL ASIAN REPUBLICS

Tax/Fiscal Reform and Banking Technical Assistance in Uzbekistan and Tajikistan (2002-2004)

In Tajikistan, USAID assists with improving the ability of the Ministry of Revenues to collect revenues by implementing transparent processes for collecting taxpayer data and developing improvements to the tax code that would foster greater tax compliance through simplification. USAID worked with the Tajik Ministry of State Revenues and Duties to develop a Central Taxpayer Registration system for a new national taxpayer register, which will form the basis of tax accounting and compliance control for the Ministry.

Impact/Results:

This important achievement is the first step in actually implementing a taxpayer service unit and developing a single taxpayer identification number that integrates tax registration with that the social fund and customs procedures, similar to a U.S. social security number. This will reduce the administrative burden on firms which import and/or export.

Fiscal Reform Project (1999-2003)

In Kazakhstan, the purpose of the assistance was to undertake a comprehensive review of the existing tax code and provide recommendations for improvement. Other tasks included the implementation of a functional reorganization and assistance with drafting the computerization plan. On the tax side, in Kyrgyzstan, the tasks included the implementation of a functional reorganization, the design and adoption of the appeals process, and computerization of rayon tax offices.

Impact/Results:

During 1999-2000, USAID helped Kazakhstan to simplify the Tax Code and to eliminate special exemptions in the code. In 2001, the Tax Code was adopted and provided for the application of simplified tax regimes for SMEs. USAID advisors helped draft amendments to the Code that broadened the tax brackets for the special tax regimes, which integrated more taxpayers into the system at lower rates to further SME development. This change helped to improve the tax environment for businesses by making the Code simpler. In Kyrgyzstan, USAID provided assistance in computerizing the tax inspectorate and included developing taxpayer ID numbers and database of filed returns. In 2001, in Kyrgyzstan USAID advisors also played a pivotal role in developing a new tax system for SMEs.

DR CONGO

Economic Alliance (current)

The program is directed toward reducing corruption for commercial traffic on the Congo River, which is a vital food supply route for Kinshasa. In some cases it has been able to produce quantifiable results in terms of a reduction in illegal payments for river-borne commerce, which is usually done under the guise of regulation. Economic Alliance was successful in lobbying for a reduction in the number of taxes paid for water-borne commerce from 24 to 4. The program conducts conferences and seminars for civil society on citizens' rights and responsibilities and on strategies to reduce corruption. The program has received excellent reviews from the private sector, NGOs and DRC political officials.

SOUTHERN AFRICA REGION

Double Taxation

The RCSA has worked to eliminate the double taxation of income of persons who work in one Southern Africa country, but are citizens of another. Bilateral agreements for the avoidance of double taxation have been signed by South Africa and Botswana, Swaziland, and Zambia. This work is concluded.

UKRAINE

BIZPRO Regional Regulatory Reform Support (2002-2004)

In 32 cities of 8 oblasts of Ukraine, procedures for setting rates of and administering local taxes and fees have been revised to make them more open and predictable. The proposed rates of local taxes and fees were widely discussed at public events (like roundtables and public hearings) and that contributed to the transparency of the process.

Impact/Results:

Most regulatory impact evaluation studies indicated an increased number of officially registered and operating businesses that came out of the "shadow" economy after the optimization of local taxes and fee rates. For instance, in Khmelnytsky, the reduction of the monthly flat tax rate from 100 UAH to 50 UAH increased within several months the number of officially registered taxi-drivers from 19 to 324.

ZIMBABWE

National Tax Regime (1995-2000)

One of the objectives of this program was to introduce Management Buy-Outs (MBO) and Employee Stock Ownership Programs (ESOP) as a way to economically empower Zimbabweans working in private and public sector companies wanting to restructure their ownership rights, or to completely sell off their rights. The biggest hurdle in encouraging companies and individuals to buy shares was the issue of double taxation. A worker interested in purchasing shares in the company he/she worked for was being taxed when purchasing the shares (capital gains tax), and again when dividends were paid out. Furthermore, banks in Zimbabwe were not eager, or well-versed, in structuring deals to finance such investments. Likewise, public servants and parliament had to be educated on the legal framework required to make such deals attractive investment propositions, and on tangible benefits (to employees, employers, government, banks, etc.) of using MBO or ESOPs as an economic empowerment tool.

The program facilitated a series of workshops for interested parties; helped the management of two companies to structure MBO and ESOP deals; and worked with local consultancy firms, government ministries and Parliament to amend certain sections of the law to make MBOs and ESOPs attractive.

Impact/Results:

In 2002, tax legislation was amended to remove the double taxation element. The government announced that it was now encouraging MBOs and ESOPs in Zimbabwe. However, by then the general macroeconomic environment was no longer conducive for such initiatives.